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MINISTRY OF AGRICULTURE AND FISHERIES
DEPARTMENT OF AGRICULTURE FOR SCOTLAND

REPORT OF
WOOL MARKETING
COMMITTEE

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ON : HIS MAJESTY'S STATIONERY OFFICE

1946

FOURPENCE NET

MINUTE OF APPOINTMENT

We hereby appoint—

Lt.-Col. the Rt. Hon. WALTER E. ELLIOT, M.C., M.P.,

Mr. J. BOWMAN, M.B.E., J.P.,

Mr. D. O. EVANS, M.P.,

Mr. T. G. HENDERSON,

Sir HAROLD G. HOWITT, D.S.O., M.C., F.C.A., J.P.,

to be a Committee with the following terms of reference :—

“ To examine the pre-war arrangements for the marketing of wool by producers in Great Britain, and the changes introduced under wartime control ; and having regard to the views and recommendations of the Committee on Hill Sheep Farming in Scotland, as set out in their report of December, 1943, to the Secretary of State for Scotland, to consider whether the organisation of wool marketing after the war could be improved through the medium of a scheme under the Agricultural Marketing Acts, 1931–1933, or by any other means, and whether conditions and requirements in England and Wales and Scotland respectively are such as to necessitate separate and different arrangements in regard to wool marketing in any of these countries ; and to report accordingly.”

We further appoint Lt.-Col. the Right Honourable Walter E. Elliot, M.C., M.P., to be Chairman, Mr. A. H. Clarke, of the Ministry of Supply, to be Secretary, and Mr. G. S. Baker, of the Ministry of Agriculture and Fisheries, and Mr. A. F. Smith, of the Department of Agriculture for Scotland, to be Assistant Secretaries of the Committee.

(Signed)

R. S. HUDSON,
Minister of Agriculture and Fisheries.

(Signed)

THOMAS JOHNSTON,
Secretary of State for Scotland.

5th December, 1944.

The estimated cost, to date, of the preparation of this Report is £291 os. od. of which £34 os. od. is the estimated cost of printing and publication.

TABLE OF CONTENTS

	Page
Chapter I. General Survey	5
Chapter II. Pre-war Methods of Marketing	8
Fleece Wool	8
Skin Wool... ..	10
Prices Paid to Producers	10
Chapter III. Wartime Methods of Marketing	11
Fleece Wool	11
Skin Wool... ..	11
Wartime Prices	12
Chapter IV. A Review of the Evidence	12
Producers	12
Merchants... ..	14
Manufacturers	14
Fellmongers	15
Chapter V. Marketing Act Procedure	16
Chapter VI. Conclusions	19

REPORT OF THE WOOL MARKETING COMMITTEE

To the Right Hon. JOSEPH WESTWOOD, M.P., Secretary of State for Scotland and the Right Hon. TOM WILLIAMS, M.P., Minister of Agriculture and Fisheries.

SIRS,

1. We were appointed on 5th December, 1944,

“ To examine the pre-war arrangements for the marketing of wool by producers in Great Britain, and the changes introduced under wartime control ; and having regard to the views and recommendations of the Committee on Hill Sheep Farming in Scotland, as set out in their report of December, 1943, to the Secretary of State for Scotland, to consider whether the organisation of wool marketing after the war could be improved through the medium of a scheme under the Agricultural Marketing Acts, 1931-33, or by any other means, and whether conditions and requirements in England, Wales and Scotland respectively are such as to necessitate separate and different arrangements in regard to wool marketing in any of these countries ; and to report accordingly.”

2. In the closing stages of our deliberations the Committee suffered a great loss by the sudden death of Mr. D. O. Evans, M.P., who had taken a most important share in our enquiry, particularly in regard to Wales. We had, however, in our meetings prior to his death arrived unanimously at our main general conclusions.

3. As an opening of our enquiry, notices were issued through the medium of the Press announcing our appointment and inviting organised bodies of the various interests concerned to submit their views. This announcement was followed by separate invitations to each of the bodies primarily concerned.

4. In response to these invitations, written representations were received from the following :—

Associated London Selling Wool Brokers,
Auctioneers & Estate Agents Institute of the United Kingdom,
British Paper Machine Felt Association Ltd.,
Carpet Trade Sectional Rationing Committee,
Central Landowners' Association,
Central Wool Growers Ltd.,
Cheviot Sheep Society,
Co-ordinating Committee representing :
 British Wool Federation,
 Country Wool Merchants' Association,
 Welsh Country Wool Merchants' Association,
Council of Agriculture for Wales,
Dorset Down Sheep Breeders' Association,
Eastern Wool Growers Ltd.,
Exmoor Horn Sheep Breeders' Society,
Fellmongers' Association of Gt. Britain & Ireland Inc.,
Hebridean Spinners' Advisory Committee,
Herdwick Sheep Breeders' Association,
Highland & Agricultural Society of Scotland,
International Wool Secretariat,
Joint Committee of Producers' Organisations in Scotland (convened by
 the Scottish Agricultural Organisation Society Ltd.),
Kent Wool Growers Ltd.,
Kilmarnock & District Woollen Spinners' Association,

Land Union,
 Leicester Sheep Breeders' Association,
 National Association of Scottish Woollen Manufacturers,
 National Farmers' Union,
 National Sheep Breeders' Association,
 Northern Pastoral Club,
 Royal Agricultural Society of England,
 Ryeland Flock Book Society Ltd.,
 Scottish Council on Industry,
 Scottish Fellmongers Limited,
 Scottish Hide, Skin and Tallow Brokers' Association,
 Scottish Wool Growers Ltd.,
 Skippers' Association of Scotland,
 South Devon Flock Book Association,
 Swaledale Sheep Breeders' Association,
 Welsh Wool Growers' Conference (convened by the Welsh Agricultural
 Organisation Society Ltd.),
 Wool Federation of Scotland Ltd.,
 Wool Textile Delegation,
 Yorkshire & Northern Wool Growers Ltd.,
 Zetland County Council.

5. We have held twelve meetings, at six of which we heard oral evidence from deputations representing the following :—

Joint Committee of Producers' Organisations in Scotland,
 National Farmers' Union,
 Northern Pastoral Club,
 Welsh Wool Growers' Conference,
 Zetland Woollen Industries Sub-Committee.
 Central Wool Growers Ltd.,
 Eastern Wool Growers Ltd.,
 Kent Wool Growers Ltd.,
 Scottish Wool Growers Ltd.
 Fellmongers' Association of Gt. Britain & Ireland, Inc.,
 Skippers' Association of Scotland.
 Associated London Selling Wool Brokers,
 Co-ordinating Committee representing :
 British Wool Federation,
 Country Wool Merchants' Association,
 Welsh Country Wool Merchants' Association,
 Wool Federation of Scotland Ltd.
 National Association of Scottish Woollen Manufacturers,
 Wool Textile Delegation.

6. Our report which follows is unanimous.

I. GENERAL SURVEY

7. We think it desirable as a preliminary to give a general picture of the home output of wool in relation to world production and to the needs of the manufacturing industry in Great Britain.

8. During the five years prior to the war there was little variation in the wool production of Great Britain. The annual average was in the region of 105 million lbs., of which about 75 million lbs. was fleece wool and the balance fellmongered or skin wool, i.e., wool removed from sheepskins. The decline in the sheep population during the war years has resulted in a corresponding

decline in fleece wool production which, during the past three years, has averaged some 56 million lbs. annually or a drop of 25 per cent. Skin wool production has been maintained at the pre-war level of some 30 million lbs. a year. Of the current fleece wool production, about 32 million lbs. or 57 per cent. is grown in England, 18.3 million lbs. or 33 per cent. in Scotland, and 5.7 million lbs. or 10 per cent. in Wales. As is shown in the following table this total of 56 million lbs. is spread over a large number of growers, very many of whose flocks are of small size, especially in England.

<i>Wool Producers in Great Britain in 1944</i>						
<i>Size of Clip</i>						<i>No. of Producers*</i>
Up to	40	fleeces	...	...	...	42,099
41	100	"	...	...	...	20,555
101	250	"	...	...	...	15,552
251	500	"	...	...	...	5,835
501	1,000	"	...	...	...	2,491
Over	1,000	"	...	...	...	1,075
Total						93,607

* Not including producers in the Shetlands, Orkneys and Outer Hebrides.

9. About 70 per cent. of the current output, or approximately 60 million lbs., consists of "apparel" wools, i.e., wools used in the manufacture of textiles for clothing and household purposes. This wool is in the "crossbred" range, as distinct from "merino" and "carpet" wools. The remaining 30 per cent., or approximately 26 million lbs., is "coarse" wool used primarily in the manufacture of carpets. The largest quantity, and the best known, of these coarse wools is obtained from the Blackface breed of sheep. It is relevant to point out that with a few minor exceptions there is no type of wool produced in Great Britain that is not in competition with oversea wools. There is, however, no home production of the fine merino wools such, for example, as are grown in Australia and South Africa, and are in great demand by the textile manufacturing industries of the world for clothing and for the finer fabrics for household purposes.

10. Annual world wool production in the five pre-war years is estimated to have been little short of 4,000 million lbs., or some 36 times the total pre-war production in Great Britain. Of total world output approximately 3,200 million lbs. were apparel wool (merino and crossbred) and 800 million lbs. were carpet wool. Some countries (e.g. U.S.A. and Russia) have a substantial output, which is absorbed in domestic markets. The United Kingdom and most European countries, are large importers, mainly of apparel wools. The principal exporters of apparel wools are Australia, New Zealand, South Africa and South America, and it is from these sources that the main United Kingdom supplies are drawn.

11. The U.S.A. is the principal importer of carpet wools, the annual average intake during the five years 1934-38 having been about 140 million lbs. Rather more than 60 per cent. of this total was supplied by the Argentine, India and China. About 10 per cent., or approximately 14 million lbs. came from the United Kingdom.

12. In 1938, imports into Great Britain were nearly 900 million lbs. Of this, some 270 million lbs. were re-exported as raw wool. In the same year domestic production of both fleece and skin wool in Great Britain was about 105 million lbs., of which some 33 million lbs. were exported in the raw state. For that

year, therefore, the total wool retained in the country, and thus available to manufacturing interests, was in the region of 700 million lbs., of which 72 million lbs. or about 10 per cent., were home grown.

13. During the war years, wool growing in the main producing countries has not declined and, as a result of the closing of a number of important markets (*e.g.* Europe and Japan), large stocks have accumulated. The stocks owned by the United Kingdom Government, and at present held mainly in the three principal wool-growing Dominions, are not less than 3,000 million lbs. In addition, considerable stocks are believed to be in existence elsewhere, particularly in South America.

14. The wool textile industry in the United Kingdom is of substantial dimensions and in the immediate pre-war years gave employment to not far short of a quarter of a million persons, mostly engaged in the many processes through which raw wool must pass in the course of conversion into the great variety of products made by textile manufacturers. In addition there was a large number of workers engaged in the making-up trades. The re-export of a considerable quantity of overseas wool was also an important part of the wool trade. Another section of the trade merchanted the imported wools retained for home consumption. Some of the firms also merchanted home-grown wools. A great proportion of the pre-war output of the manufacturing section of the industry was absorbed by the home market, but the volume of exports (which averaged more than £30 millions during the five years 1934-38) made a substantial contribution to the total export trade of this country.

15. During the war period the manufacturing industry has had its activities regulated for the purpose of securing the products most needed for the war effort. This has resulted in a considerable reduction in the variety of wool textiles, and a very drastic curtailment of our export trade both in the manufactured product and in raw wool. Difficulties of shipping have necessitated the use of some types of wool for purposes for which, under normal competitive conditions, they would not be regarded as suitable. This has applied particularly to certain varieties of home-grown wools, so that while normal exports of the latter have not been possible, a wider use has been developed in the home industry as an emergency measure and today there are practically no surplus stocks of home wool.

16. As to the future. In a world that for some years has been very short of its normal supplies of wool textiles, a period of keen demand can be anticipated with some confidence. The large stocks which have accumulated in the Dominions during the war years will be available to meet this demand but it may be expected that United Kingdom raw wool will also find a good outlet in view of the market it commanded in normal times both here and overseas. Discussions on the best means for disposing of the overseas stocks have taken place in London at a Conference of officials and experts from the United Kingdom, Australia, New Zealand and South Africa. The report and recommendations of the Conference have been accepted by the Governments of each of the four countries. The following summary of the recommendations is contained in an official statement issued by the Ministry of Supply :—

“ Present stocks are equal to more than two years’ production in the Dominions, and it is estimated that, after allowing for a considerable expansion of world consumption, orderly disposal of the surplus may take a considerable number of years. The stocks of wool will in future be held by the United Kingdom and Dominions Governments in partnership, and a Joint Organisation will be formed to take charge of the marketing of old wool and to support the marketing of current clips during the disposal

of the surplus. It is intended that as soon as conditions permit current clips shall be offered at auction as before the war, and that in addition the Joint Organisation will offer wool from stock at the auctions, with the object of maximising total sales and turning over stock. All wool will be offered subject to minimum reserve prices and the Joint Organisation will take up such new wool as is not sold at or above these prices. It is recognised that the trend of wool prices must move in accordance with general world conditions and the need to expand consumption. At the same time wide price fluctuations will be avoided by the joint measures of adequate offerings and reserve prices. The four Governments will share the capital costs of the wool held by the Joint Organisation, and of new purchases by it, and the cost of holding and marketing the wool in stocks, and will share the ultimate profit or loss."

17. There is one other aspect of the future market prospect to which we desire to draw attention. As will be seen in paragraph 41, the price level of the Dominion wools during the war years has been much below that paid to the home grower. We are not in a position to forecast what the future trend may be but it seems a reasonably safe assumption that at least no higher level than that reached under wartime conditions will obtain for the Dominion wools. This no doubt will set the standard in world markets and influence the price that the home grower would receive in a free market.

18. In this general review we find it necessary to consider the influence on world wool markets of synthetic fibre production and development. No firm figures of output are available, but there has been a rapid expansion in volume of output and also in variety. It is probable that in 1942 the total world output of synthetic fibre was not less than 2,000 million lbs. It is not within our province to forecast the future use of synthetic fibres, but it is apparent that great progress has been made and that further active developments are taking place. The price levels of the synthetic products are far below those which wool growers would regard as remunerative.

II. PRE-WAR METHODS OF MARKETING

Fleece Wool

19. Before the war home-grown wool was marketed in a number of different ways. These had grown up over a long period of time as a result of the great variety in breeds of sheep, size of clip, and type of wool on the one hand, and, on the other, the varying degrees of preparation that are necessary in order to render it suitable for the requirements of manufacturers. In areas where the clip consisted mainly of one type of wool which, in general, was required by only one type of manufacturer (e.g. the Scottish Blackface clip), the process of marketing was relatively simple. The position was very different in the case of some of the more varied clips in England, where even individual consignments had in many cases to be separated into quite different lots.

20. The great bulk of home-grown wool was sold by producers to one or other of the different types of wool merchants. A small proportion, varying greatly in different parts of the country, was sold by producers direct to manufacturers. In both cases sales were usually negotiated by private treaty with individual producers, but some were made through brokers, some through producer-co-operative societies, and some by auction at country or metropolitan wool markets.

21. Wool merchants who purchased direct from producers may be classified as follows :—

(a) Those who resold to other merchants without grading, or any other intervening preparation.

(b) Those who graded the wools, and sold to other merchants but not to users.

Both the above types included merchants who took wool in part payment for seeds, fertilisers, and other farm requisites.

(c) Those who bought both from producers and from other merchants, graded the wools, and sold direct to manufacturers both here and overseas. Some of these merchants were "topmakers", i.e. they sorted and processed the wool to the stage of "tops", the raw material of the worsted spinner. Some also merchanted imported wools. The work done by this type of merchant was often of a highly specialised nature, since it was his function to ascertain and supply the exact requirements of individual manufacturers. The manufacturer was selling in a highly competitive market, and his success often depended on the individual qualities of his product, which in turn depended very largely on suitable blends of wool being readily available. He had virtually the whole world market to draw on for his supplies of raw material, and his demands on the merchant were therefore of an exacting nature.

22. The grading of fleeces by (b) and (c) (as distinct from the further sorting and processing also carried out by (c)) was itself of considerable complexity. Owing to the large number of different breeds, and the variation between fleeces of the same breed, there were as many as 400 established grades of home-grown wool before the war, and even the simplification carried out under war-time control has not reduced this number below 250.

23. In 1939 there were 153 merchant firms in England and Wales operating as in (a) above, i.e. they resold to other merchants, but did no grading themselves, and 126 under (b) and (c), i.e. merchants who undertook the grading and in many cases also the further processing of wool. In addition many merchants employed agents to collect on their behalf from producers. The number of these agents, who, as a rule, combined wool collection with other lines of business, was not far short of 1,000. In Scotland where, owing to its greater uniformity, possibly 75 per cent. of the total can be sold to manufacturers in the ungraded state, there were 31 merchants operating in 1939. Here also the merchants employed many collecting agents.

24. Apart from the sales made by producer-co-operative societies and at country wool auctions, as described below, the conditions favouring direct sales by producers to manufacturers were, the existence of large flocks carrying a uniform type of fleece which could be sold to the manufacturer in bulk, and mills that could handle relatively small lots of wool. Scottish producers not infrequently handed over their wool to merchants for sale on a commission basis, either direct to manufacturers or through auctions held by Scottish brokers.

25. At the outbreak of war there were four producer-co-operative wool marketing societies in England, handling approximately 5 per cent. of the English clip, and one in Scotland handling about 10 per cent. of the Scottish clip. There was no such society in Wales, and only a very small quantity of Welsh wool was handled by the English and Scottish societies. The English societies arranged for the collection of their members' wool and employed experts to grade it. Two of them also employed brokers to sell the graded wool at the London Wool Auctions where it took its place alongside imported wools and was purchased by manufacturers or by merchants. The other two sold by private treaty direct to topmakers and to textile manufacturers.

26. The Scottish society received wool from members and non-members and sold direct to manufacturers at home and abroad. The number of breeds was

small and the individual clips were fairly uniform. The society classed each producer's clip as a whole and paid him accordingly. They then further graded and merchanted the wool according to the requirements of the manufacturers.

27. In certain parts of the country, notably in Wales, the Midlands and the South of England, where fleeces show a very considerable variety in size, type and quality, it was the practice of some producers to sell their wool by auction. The principal advantage of sale by auction appears to have been that it provided an opportunity for speciality buyers, both merchants and manufacturers, to inspect a large number of clips of considerable variety, and to select those lots best suited to their particular requirements. No figures are available to show the extent of this country auction trade but it was local, and we understand covered only a small part of the total clip.

28. In Scotland there were five wool auctions, three of which were organised by wool brokers and two by livestock auctioneers. The auction method of sale was not generally employed for the Blackface clip, which had a well-defined market.

Skin Wool

29. Skin wool is wool removed from sheep-skins. The process is part of the industry of fellmongering and takes place subsequent to slaughtering and when the carcass has passed out of the hands of the flock-master. The woolled skins were, before the war, purchased by fellmongers either direct from slaughterhouses or through auctions, and the wool removed from them was sold either to merchants specialising in skin wool or direct to manufacturers. The trade was somewhat seasonal but this was largely offset by the fact that in many cases the fellmongers also carried on business as tanners, leather dressers, etc. Skin wool amounted to about 30 per cent. of the pre-war total of home-produced wool, and to a large extent was comparable to, and competitive with, fleece wool.

Prices paid to producers

30. The price a producer received for his clip was, in general, based on the value put on it by the merchant or manufacturer, according to quality, but on a level determined by world prices. In purchasing from individual producers the buyer, however, often found it impossible to differentiate in price between one clip and another in the same district to the full extent warranted, mainly because of the risk of giving offence to producers and losing business to a competitor. The English co-operative societies graded their members' wool and paid them according to the price realised for the different grades. We understand that the Scottish society originally intended to adopt a similar procedure but eventually fell in with the practice generally followed by the Scottish merchants.

31. Where wool is an important source of income, as in the case of the large hill sheep farmer, producers for the most part exercise care in the production and handling of their clip, so as to obtain the best possible return for it. In other cases, however, the income derived from wool is reduced, through lack of care in production, in shearing, in storage, and in the general get-up of the clip for market. This apparently is due to some extent to the belief that the extra cost and trouble involved in a more careful presentation of the wool would not be sufficiently reflected in the price offered by the buyer. There is no doubt, however, that for a great number of producers wool is only a sideline and that this is the underlying reason for their lack of care in dealing with it. The use of "bloom" dips is an example. Although well aware that

some of these dips permanently stain the wool and so lessen its value, producers are using them to an increasing extent to "improve" the appearance of the sheep when offered for sale, and thus inflate their price as livestock.

III. WAR-TIME METHODS OF MARKETING

Fleece Wool

32. During each of the war years the wool clip of the United Kingdom has been requisitioned by the Minister of Supply, the task of collecting it having rested with the Wool Control. The procedure adopted by the Control for this purpose is based on pre-war practice.

33. The actual collection is entrusted to qualified merchants of pre-war standing, each firm being "authorised" by the Control to collect from specified growers. Generally, the grower is linked with the merchant who purchased his wool in normal years, but some changes have been necessary, e.g., where maintenance of the pre-war connection would have involved unnecessary transport. The grower is directed by the Control to consign his clip to the merchant, by road if the warehouse is within reasonable distance, otherwise by rail. The cost of rail transport is borne by the merchant but delivery to railway station or delivery to merchant by road is at the grower's expense.

34. In England and Wales the wool is valued, on arrival at the warehouse, by the merchant, who notifies the grower of the result. If the latter is satisfied that the price offered is fair and reasonable he receives payment from the merchant, who is reimbursed by the Control. If not satisfied the grower can appeal for a further valuation by an independent tribunal established by the Control, which may increase or reduce the price proposed. Notification of his desire for a further valuation must be given by the grower within ten days. In Scotland the procedure differs in that the wool is valued not by the merchants but by experts directly employed by the Control. As in England and Wales there is an independent tribunal for hearing appeals made by dissatisfied growers.

35. When purchase of the wool from the grower has been completed the merchant grades it according to standards prescribed by the Control (these number about 250 and in general are based on pre-war custom) and stores the graded wool until instructions for disposal are given by the Control.

36. For his services the merchant receives a commission which varies according to the weight of the individual fleeces handled. This commission covers the cost of providing the bags or sheets in which the wool is packed, rail transport to the warehouse, storage of the wool while in warehouse, interest on the capital required to finance payments to growers, and an allowance calculated to give the merchant a reasonable return for the work and specialised knowledge expended in valuing and grading and for his services generally.

Skin Wool

37. During the war period the slaughter of sheep for meat has been under the control of the Ministry of Food. Early in 1940 the Wool Control, by arrangement with that Ministry, assumed responsibility for the marketing of all woolled skins. The skins are collected from the slaughterhouses and distributed amongst fellmongers on a basis which takes into account the handling capacity of the fellmonger and also economy in the use of transport.

38. The fellmonger removes the wool from the skin or "pelt" as it is termed and where necessary also pickles the pelt to prevent deterioration. The wool, after being graded and valued, is taken into the general stocks of the Wool

Control until such time as it is sold to the manufacturer of wool textiles. The net proceeds of the sale of wool are paid by the Wool Control to the Ministry of Food.

39. The fellmongers are remunerated on a commission basis, the rates of commission varying according to the type of skin and seasonal differences in the length of wool. At the commencement of these arrangements there were more than 100 individual fellmongering firms. As a result of the centralisation necessitated by war-time conditions the number has been reduced by approximately 50 per cent.

War-time Prices

40. Unlike pre-war, when the prices received by the wool grower rose and fell in accordance with world market prices, war-time prices have been maintained at fixed levels in accordance with national policy. Since 1940 home wool prices have been maintained at levels above those of the corresponding Dominion wools.

41. In the early stages of the war H.M. Government entered into agreements with Australia, New Zealand, South Africa and the Falkland Islands for the purchase of the wool clips of those territories for the duration of the war plus one clip after. The price initially paid represented an average increase of 30 per cent. over pre-war, but as from 1st July, 1942 a further increase of 15 per cent. was agreed, making 49½ per cent. in all. In the case of the home clip the price was fixed in 1940 at an average of about 45 per cent. above the prices ruling in June/July, 1939, for all wool except Blackface and similar types, and for these the increase was of the order of 65 per cent. For the 1941 clip there was a further increase of 15 per cent. and for the 1942 clip a still further addition of about 13 per cent. on the 1941 level. Save for a very few minor adjustments prices have since remained at the 1942 level. The war-time increment in prices for home wool has therefore been somewhere between 115 per cent. and 120 per cent. for Blackface and other hill types, and about 85 per cent. for the remainder.

42. War-time control has of necessity curtailed the freedom of action of the producer, who is now tied to a particular buyer, though usually the one to whom he sold voluntarily before the war. The producer has, however, an assured outlet, a guaranteed level of prices, and a right of appeal to an independent tribunal should he be dissatisfied with the merchant's valuation of his clip. Every producer is now paid on the result of an all-in valuation, a policy which may be deprecated by the small number who previously received payment according to grade. In general, however, the war-time arrangement has not radically changed the normal merchandising procedure.

IV. A REVIEW OF THE EVIDENCE

Producers

43. The evidence submitted to us by producer organisations was almost universally critical of pre-war marketing arrangements. The producer-co-operative societies favoured an extension of their own procedure but the usual proposals were for a marketing scheme under the Agricultural Marketing Acts.

44. It appears, however, that in the case of many of the most important agricultural organisations their main reason for advocating a marketing scheme is the belief that given such a scheme wool producers would be in a much stronger position to seek Government aid for their industry by direct financial assistance by the application of a levy-subsidy, or by the regulation of imports. Indeed,

some bodies said emphatically that an assurance of Government assistance along one or other of these lines would be a condition precedent to the support of a scheme.

45. The advocates of a marketing scheme, on its merits as such, believe that a marketing board could remedy certain defects which they see in the pre-war system. In particular, they feel it could effect economies in the collection and handling of the wool, improve the methods of selling, and so provide better prices to the producers. In their view there was unnecessary expense in the collection of wool, especially from small growers; too many canvassers were employed, and the number of firms engaged was much in excess of what was necessary. They also considered that insufficient discrimination in price was made between well and poorly got up clips, and that the practice of giving an all-in price for a clip comprising different breeds did not in fact provide the grower with a full and proper return for his wool. They also pointed to the lack of market information on wool prices, particularly in the case of the small grower, and considered that growers were therefore very much at the mercy of the merchants, who were better informed.

46. They suggested that a board should be able to arrange for bulk transport and avoid unnecessary and wasteful haulage by delivering the wool to warehouses conveniently near the place of manufacture. No canvassers would be required since the board would be the sole buyer and all profits would be reflected in the grower's price instead of accruing as at present to the merchants. A board could also adopt a basis of payment which would secure a proper return to the efficient grower and appropriately lower prices for inferior wools. In this way the growers would be encouraged to exercise greater care in the preparation of their wool for market. In particular it would be possible to discourage the practice of using dips and branding materials which permanently discolour the wools and so lessen their value for manufacturing purposes. In addition they anticipated that a board would furnish to its constituent members information on market conditions and the trend of wool prices, and generally keep producers informed on matters of common interest.

47. It was also argued that on the selling side a board which had control of all home wool would be in a stronger position to steady the level of wool prices and so go some way towards evening out the fluctuations in price which were common to the wool markets of pre-war days. A single seller, either in the home or overseas market, it was maintained, would be better able to hold prices and prevent weak selling on a falling market.

48. Producer organisations in England, Scotland and Wales respectively hold divergent views on the question of whether there should be one board for the three countries or a separate board for each. Producer organisations in England and Wales incline to the view that one board for Great Britain would be best. In the event of this not being possible, however, the Welsh proposal was for a Welsh scheme, working in close co-operation with schemes in the other two countries, especially Scotland. The Scottish organisation favoured a Scottish scheme but working in close collaboration with any others.

49. The advocates of a marketing scheme have produced no estimates of the initial expense involved in its establishment, the amount of working capital required, or of the cost of operating such a scheme. Various estimates have been made of the financial benefit which would accrue to growers. The view advanced was that savings might amount to about 1d. per lb.

Merchants

50. Merchants considered that a scheme under the Agricultural Marketing Acts would add to the cost of marketing without achieving any compensating advantages. They contended that their normal methods of merchanting the United Kingdom wool clip were efficient and economically carried out, and that the services they rendered as intermediaries between the producer and the user were on the whole reasonably satisfactory to both parties. They emphasised that as practical business men engaged in a highly competitive trade they could not afford unnecessary expenditure either in method or on staff. They stressed the point that the marketing of home-grown wool is a seasonal trade and that a board established solely for the purpose of handling this trade would inevitably incur a higher rate of overhead cost than the normal merchant firms, many of whom were also engaged in marketing imported wool, skin wool and various agricultural commodities. Some of these firms carried out further processes such as topmaking.

51. As regards the question of payment to the wool grower, the merchants said that the keen competition which existed between the various firms ensured that the grower did in fact receive full market value for his wool. They said that whenever possible they did endeavour to discriminate in favour of the efficient grower but agreed that fear of losing trade to a competitor not infrequently forced a merchant to over-value inferior clips.

52. They were strongly in favour of any steps that can be taken to end the practice of growers using colouring matter which stains or otherwise injures the wool. Their proposed solution of this problem is the introduction of legislation prohibiting the manufacture and use of such matter. Over a period of years they have endeavoured by the issue of leaflets and by other means to educate producers on the best means of presenting wool to the market, the errors to be avoided and the defects to be remedied, but they did not feel that their efforts in this direction have met with any great success. They also pointed to the fact that research into a wide range of problems connected with the wool industry as a whole has been undertaken by the Wool Industries Research Association from funds to which wool merchants are substantial subscribers.

53. Payment to individual producers on a graded basis is regarded by the merchants as impracticable, mainly by reason of the cost. Grading each clip and giving detailed returns to the individual growers would involve much extra clerical work, increased storage accommodation, and other additional expense, all of which would fall mainly on the grower.

54. The merchants believe that their specialised knowledge of the particular needs of individual users both here and overseas, resulting from long established business relations, forms a vital link in the chain of wool marketing and helps to secure the best market for British wool to the ultimate benefit of the grower. They contend that competition between firms is more likely to maintain this essential service than the monopoly selling organisation proposed by the advocates of a board. They are very doubtful whether a board could find as good markets, or conduct the business at as low a cost as they do and they contend that skilled staff would be difficult to secure.

Manufacturers

55. Evidence submitted to us on behalf of users covers all sections of the wool textile industry. This evidence favours adherence to the pre-war system of marketing. The manufacturers state that they are not influenced in their view by any feeling of opposition or antagonism to a marketing scheme as such, but rather that they are not at all convinced that a board could provide the variety and efficiency of services to which they have been accustomed.

As a result of expert knowledge acquired over very many years the merchant with whom they normally deal have come to know their individual requirements, and have catered for them accordingly. The manufacturers consider it doubtful whether a board, dealing only in home-grown wool, could offer the range of types they require. Moreover, they feel that at a time when the change over from war to peace-time conditions is in progress and when every effort must be directed towards the recovery and expansion of the export trade, tried methods of which the trade has had long experience should not be lightly discarded.

56. In voicing their objections to a marketing scheme the manufacturer stated that it was not their policy to decry the merits of home-grown wool or to seek to buy it at depressed prices. Home-grown wool had its place in the market, provided it was presented in the form suitable to the needs of the various users, and at a price which could meet competition. In this connection they stressed most strongly the fact that the great bulk of the wool which they use has to be imported, and that it is the world market which determines the price level which they will obtain for the goods which they export. They could see no sound basis for the belief of some producers that a board controlling the marketing of the relatively small home clip could exercise any determining influence on wool prices generally.

57. The manufacturers are of opinion, however, that certain improvements might be made in the pre-war system. For example, they advocate the extension of sales by auction, provided they are conducted by those with an intimate knowledge of the trade and in premises which are suitable. They are somewhat critical of the space and lighting at some of the country wool auctions in England. Improvements could be effected by offering in bulk lots, in the "get-up" of the wool and by better handling generally. They condemn the use of dips and marking materials which stain or otherwise damage the wool and urge that their use should be prohibited. The manufacturers are of opinion that attention to these matters would enhance the reputation of British wool but that they would not in themselves justify the establishment of a marketing board.

Fellmongers

58. Skin wool, as has been said, represents about 30 per cent. of the total wool produced in Great Britain, and is therefore of considerable importance in relation to a wool marketing scheme. This is appreciated by the advocates of a marketing scheme who are anxious that skin wool also should be included in the scope of their proposals.

59. The fellmongers' associations maintain that fleece wool and skin wool are two separate products and that although sheep farmers, as the producers of fleece wool, may decide that a marketing scheme is desirable for their product, such a scheme should not embrace skin wool, of which they, the fellmongers, are the actual producers. They anticipate that, in the event of skin wool being included, they would find themselves outvoted on the initial poll and their product controlled, notwithstanding that, as a body, they are strongly opposed to the establishment of a marketing scheme for skin wool. They contend that a board could not possibly effect economies in the marketing of their product, and that it would in fact be an additional expense superimposed on the existing structure.

60. The fellmongers' associations argue that a board would not have at its disposal the expert knowledge and skill which their members, from their long experience in the trade, already possess. They assume therefore that a board

would be compelled to seek their assistance in the skilled process of fellmongering and that, even if it took over the fellmongered wool, it would, because of its inexperience, be at a great disadvantage in finding the best market for a product that not only includes many different types derived from a variety of breeds but also varies according to the season, since sheep are slaughtered throughout the year without regard to the condition of the fleece.

61. They assume that a board would adopt one of two alternatives. It might itself assume responsibility for processing the skins, for which purpose it would require the services of those at present employed in the trade. This course would, in their opinion, entail heavy capital expenditure on premises and equipment, etc., without any compensating advantages to sheep owners.

62. The other alternative would be an arrangement by which existing firms would carry out the processing as agents for the board, the latter undertaking the marketing of the wool. The associations maintain that such an arrangement could not possibly be more economical than the pre-war procedure since the board's overheads would be an added expense.

63. The fellmongers' attitude towards a marketing scheme cannot be ignored. If skin wool were to be included in the definition of "regulated product" in any scheme submitted for the marketing of wool under the Agricultural Marketing Acts, it follows that fellmongers, as the producers of skin wool, would have the same standing as other producers when such a scheme was put to the vote. On a quantitative basis the fellmongers represent nearly a third of the total of home-grown wool. Their vote would therefore be a powerful one, since a scheme under the Marketing Acts cannot be established without a two-thirds majority both in numbers of producers and in quantity of wool, and it is not every sheep farmer who would support a scheme. The fellmongers, as has been said, have indicated their intention of voting against such a scheme.

64. If, on the other hand, skin wool is not included as part of the regulated product in a marketing scheme, the prospects of success would be diminished by the fact that nearly a third of the supplies of home-grown wool would be outside its control.

V. MARKETING ACT PROCEDURE

65. The Agricultural Marketing Acts enable schemes to be made for regulating the marketing of agricultural products by the producers thereof. Marketing is a wide term as used in the Acts and covers not only actual sale but also grading, packing, storing, adapting for sale, insuring, advertising and transporting the product. In the case of (i) a trading scheme, any or all of these operations may be carried out by a marketing board, either direct or through agents. In the case of (ii) a regulatory scheme, producers may be required to carry out any or all of the operations mentioned, and the scheme may also prescribe the quantity of the product, or of any description thereof that may be sold, the terms on which, the price at which, and the persons to or through the agency of whom, it may be sold. Accordingly, the powers that may be taken in a scheme are of two kinds, depending on whether the scheme is to be mainly a trading or a regulatory scheme.

66. It is a corollary of the trading powers of a board that the registered producers shall sell the product or a specified quantity of it only to or through the agency of the board. In the event of more than one board being established in Great Britain, provision could be made for inter-trading between the different boards.

67. A wool marketing board which was purely regulatory in its functions would have the powers referred to under (ii). A regulatory scheme, in virtue of its control of the home product, would put its board in much the same position to act on behalf of wool growers *vis-a-vis* merchants and manufacturers as a trading board carrying out a pooling scheme would occupy. In both cases, however, any price "fixing" which the board might impose on the grower (and it is only the price at which the grower may sell in respect of which a board has statutory powers) could in turn only be based on a price negotiated with representatives of merchants and manufacturers, as neither type of board, whatever its policy might be so far as the intermediary interests were concerned, would be in a position to eliminate the manufacturer.

68. It would be possible to prepare a wool marketing scheme either for Great Britain, or for England, or Scotland, or Wales, and to endow a board with powers which would enable it to function in a regulating capacity in respect of part of the product, and in a trading capacity in respect of the remainder. To put the matter another way, a wool board might, as in the case of the Milk Boards, merely control the sale of some of the product without having physical possession of it, and itself purchase, for the purpose of resale or processing, the remainder of the product.

69. The idea of a wool marketing board purchasing, and itself actually handling, the whole of the wool produced in its area, in order to sell it to manufacturers either through merchants or direct, would hardly be practicable—at any rate in its early stages. To enable it to do this it would have to provide working capital, storage, equipment, containers, a headquarters staff, and a selling organisation to serve both the home and overseas markets. This would be a formidable undertaking even if the board had the whole-hearted co-operation of all sections of the industry which, in the nature of things, would be too much to expect. Another point that has to be borne in mind in considering the establishment of a trading scheme is that the board would find itself operating a large and complicated organisation from the very start of its existence, with a comparatively limited space of time in which to make all its arrangements, whereas large established concerns have arrived at their present organisation and efficiency by a gradual process of development.

70. It is probably unnecessary, however, to examine in greater detail the possibilities of a board designed to undertake the physical handling of the whole of the supply seeing that there would be no point in a board providing facilities of its own for this purpose if, by agreement with existing interests, it could arrange that they would handle the wool as efficiently and economically as if the board undertook that function itself. In all probability, therefore, while a wool marketing scheme would, as a precaution, have to endow the board with all the powers which could be taken from the parent Acts, the board would exercise only those powers which experience indicated were really necessary, and would co-operate with existing intermediaries so long as these interests were prepared to make their services available to the board on reasonable terms and to carry out their functions in a manner which the board and the manufacturers agreed best served the interests of the industry as a whole.

71. A board armed with powers to regulate the marketing of wool would be in a stronger position in negotiating with merchants and manufacturers than would individual growers, but that does not mean that the board could fix a price for the produce of its members which was out of accord with the price at which a comparable type of wool was available from overseas sources.

72. The price which a board could pay the grower for wool under a marketing scheme would be higher than the price which growers would have received if there had been no scheme, only to the extent that (a) the wool was presented to the manufacturers either directly or indirectly in a manner which made it worth more to them than it would otherwise have been; (b) the board exercised a shrewder judgment in its selling policy than would have been exercised under a system of individual marketing, and (c) the board was able to effect economies in such matters as collection, storage, and other charges.

73. It is worth while to recall the procedure under which alone the wide powers of the Marketing Acts can be exercised. A marketing scheme can be submitted to the Minister "by any persons who satisfy him that they are substantially representative of the persons who produce that product in the area to which the scheme is applicable". It is not necessary that the promoters must show that they are a majority of the producers. After the submission of a scheme there follows a period for the lodging of objections, and for the consideration of the objections by the Minister and the promoters. Unless the Minister, with the consent of the promoters, is able to modify the scheme in such a way as to meet all substantial objections, he must arrange for a Public Enquiry. This may lead to further modifications of the scheme. If finally the Minister is satisfied that the scheme will conduce to the more efficient production and marketing of the product, he may, after consultation with the Board of Trade, lay a draft of the scheme before both Houses of Parliament. If both Houses approve the scheme it is brought into operation, and the persons named in the scheme as the members of the board are then able to function as a provisional board for the purpose of arranging the initial poll of producers.

74. The poll of producers is taken by post after the preparation of a register, and producers vote on the question of whether or not the scheme which is now in force shall remain in force. The essential point to note is that a scheme remains in force only if there have voted in its favour (a) not less than two-thirds of the total number of registered producers voting on the poll, and (b) registered producers who are capable of producing not less than two-thirds of the quantity of the regulated product which all the registered producers voting on the poll are capable of producing. If it is proved to the satisfaction of the Minister that the number of producers voting on the initial poll was less than half the total number of producers, he has no alternative but to make an Order revoking that particular scheme.

75. The Committee on Hill Sheep Farming in Scotland contemplated in their Report that the board would become the buyer of all the wool which its registered producers had for sale, making a payment to account after the wool had been graded, with a final settlement at the end of the season. The price which the grower would ultimately receive would be a pool price according to grade, less expenses. This, as the Committee explained, would necessitate the board taking over all unsold wool at the end of the season at a price which would necessarily be an estimate of what it would eventually realise. The Committee apparently contemplated that the board would be able to agree with brokers and merchants regarding the use of their services as graders, storers and forwarding agents, the board assuming all merchanting risks.

76. Such a scheme may be possible in Scotland where merchants do far less grading and sorting than their counterparts in England, but obviously the question of whether merchants and brokers would co-operate in this type of scheme would largely depend on the rate of commission which the board was prepared to allow them for their services.

77. Any far-reaching scheme established under the Agricultural Marketing Acts, which commenced operations at the end of the war-time control, would be bound to have a precarious existence, especially in the early years. In all probability wool prices would be on the decline. Growers would be disposed to compare the prices paid by their board with those received under the Wool Control and to blame the board for any reduction that might occur. The board could claim that but for the marketing scheme prices would have been still lower, but not every grower is so firmly convinced of the soundness of collective marketing as to be satisfied that in the long run it is bound to be better than individual selling. Many would judge the scheme according to the prices it paid and by that criterion alone. Two or three years of declining prices would prove a severe test of the growers' faith in organised marketing.

78. Much would depend on the attitude of the brokers and merchants. If they found that it suited them better to have a board with which they could co-operate than to revert to a system of individual buying and selling, the scheme would have a fair chance of surviving the difficult initial period. But the probability is that their co-operation would only be secured at a price, and the board might find itself under the necessity of paying more than was justifiable for the services of these intermediaries.

79. Reference has already been made to the amount of support that must be forthcoming from growers on the initial poll before a marketing scheme can be brought into operation, and a point which has greatly concerned us is whether the promoters of a scheme—whatever form it might take—could be reasonably sure of getting an adequate measure of support, especially having regard to the fact that as many as 42,000 or 46 per cent. of the total number of growers in Great Britain have clips of 40 fleeces or less. (See Table on page 6.)

80. Wool is an important item in the income of the large flockmasters but even for them it is in no case the main item of income. The proceeds from the sale of sheep are in every case greater than those from the sale of wool. In the case of the great majority of sheep owners, however, the revenue from wool is of minor importance. Even on the assumption that a wool marketing scheme could improve the return to the producer by 1d. per lb., the benefit to the grower would be about 7s. 6d. per annum if he had a clip of twenty fleeces, about £1 if he had a clip of fifty fleeces, and about £4 if he had a clip of two hundred fleeces. The farmer who had as many as one thousand fleeces (and farmers with clips of this size represent only a very small proportion of the total number of sheep owners) would benefit by less than £20 per annum. On this basis the majority of growers would benefit to an extent not exceeding £2 per annum and in the case of many thousands the advantage would be a mere matter of shillings per annum. Accordingly, it is probable that the very large number of small growers would not have much interest in a wool marketing scheme and this being so it is probable that many would either refrain from voting or would vote against the scheme. Farmers have to foresee a substantial benefit from organised marketing before they are prepared to undertake a radical departure from existing practice.

VI. CONCLUSIONS

81. Producer organisations in Great Britain are critical of the pre-war marketing arrangements. They are, however, by no means unanimous as to the steps which should be taken by way of remedy. Producer organisations in Scotland and in Wales have expressed themselves in general as strongly in favour of a wool marketing scheme or schemes. They are ready to prepare separate schemes for their respective countries, but in the case of the Welsh producers only if a Great Britain scheme cannot be formulated. The National

Farmers' Union, on the other hand, would only favour a scheme for England or a joint scheme for Great Britain if it formed part of comprehensive measures involving Government assistance to the industry, such as the regulation of imports and/or a levy subsidy. There is no definite consensus of opinion in favour of a Great Britain scheme.

82. The possibility of regional schemes has next to be considered. It is open for producers in Scotland and Wales or any part of England, should they so desire, to proceed with the formulation either of a regional scheme or of schemes for the marketing of particular types of wool. From views expressed to us it is very doubtful whether the required majority of producers in any part of Great Britain would lend their support to a scheme which would give them no guarantee of prices that they would regard as remunerative, simply for the benefit of such economies in the actual processes of marketing as might result from it.

83. The special position of the fellmonger has also to be borne in mind. As has been pointed out, the fellmongers' production of skin wool formed, in pre-war years, about a third of the total of home-produced wool. Thus on a quantitative basis they would have a considerable voting strength. Their organisations have indicated to us that they consider that their members would not vote in favour of a wool marketing scheme under the Agricultural Marketing Acts.

84. We cannot ignore the possibility of a lower level of world wool prices in the near future and the difficulties which this would entail for a newly formed marketing board. Savings which might be effected by a board would be obscured by any general downward move in wool prices and this would be likely to cause producers to lose confidence in the board and to doubt its usefulness. The position of the board in such circumstances would be insecure. A scheme under the Marketing Acts must be revoked if, on a poll, a bare majority of producers vote in favour of its revocation.

85. These considerations apply particularly to the immediate post-war period. But even in the longer view, though we do not wish to pre-judge the future, our present enquiry leads us to doubt whether there is sufficient scope in the possible saving of expenses and merchants' profits to justify a marketing scheme for home-grown wool.

86. The hope that the Government would afford assistance in the way of a subsidy or otherwise if the growers undertook this new departure involves questions of general policy which are outside our terms of reference. In any case we consider it necessary that a wool marketing scheme should be considered on its merits. The desirability of assistance to the sheep industry and the channel through which such assistance should be given are matters which should be weighed, and decided, upon a consideration of the industry as a whole.

87. We therefore do not recommend the promotion of a wool marketing scheme under the Agricultural Marketing Acts.

88. A wool marketing scheme would not in itself afford stability, or a guarantee of prices, to the wool producers of this country. A wool marketing scheme could not possibly "take over" from the present Wool Control, since the Control possesses powers far transcending those of any possible wool marketing board. There is no doubt, however, that the wool producers are very apprehensive as to their future, especially having regard to the great accumulation of stocks now overhanging the market, and we feel convinced that the necessity exists for an organisation in which their interests will be represented in the years ahead. This organisation should provide the

machinery for close collaboration with the merchants, and the manufacturers, who are the users of the product, and on whose willing co-operation the hope for stability and progress in the home industry greatly depends.

89. There is undoubtedly some foundation for the criticisms of the pre-war methods of marketing wool. In the main these criticisms reflect the producers' lack of confidence in the methods of the merchants. Producers are conscious of their own ignorance of market values and in many cases have a conviction that merchants did not sufficiently discriminate between good and bad clips. This belief has produced in the minds of growers a feeling of helplessness and a reluctance to improve their own methods, even where they know these to be faulty. On the merchants' side there is the feeling that growers are unable, or unwilling, to remedy faults in the production and presentation of their clips, and that the growers do not fully appreciate the difficulties which the merchants encounter in the disposal of their products both in the home and overseas markets. The manufacturers have expressed genuine goodwill towards the home producer and a desire to pay him a fair price for his product, even to the extent of giving him some definite preference, but they in turn doubt whether the wool growers appreciate the extent to which they, the manufacturers, are bound by world markets, both at home and in the export trade, in both of which natural or synthetic substitutes for British wool are available.

90. It appears to us that the removal of this lack of confidence is a prime necessity for opening the way to the improvements which we feel are desirable. We are convinced that this is possible, since we have encountered, during our enquiry, much good feeling and a certain amount of common ground. The frank discussion of problems which are clearly of common interest both to buyer and seller is the first and most promising means of establishing mutual understanding.

91. We accordingly recommend that a body, to be designated the Joint Wool Council, should be brought into being for the purpose of promoting good understanding and joint action between users and growers, and also of acting as spokesman for the home wool industry during the time when the transition from a war to a peace economy is taking place.

92. The Joint Wool Council should represent the interests of the home wool industry when the arrangements, quoted in paragraph 16 of our Report, are being made for the orderly disposal of Dominion stocks and current clips. These arrangements will be temporary, their duration depending on the time required for the absorption of the accumulated wool stocks. The functions of the Joint Wool Council will therefore, as we envisage them, have to be both permanent and temporary.

93. The permanent functions we detail in paragraph 94. During the temporary period, marked by the continuance of the Inter-Government Joint Wool Organisation, the Joint Wool Council should be the body to keep under review home wool production and consumption. It should provide, in respect of home producers and in conjunction with the appropriate Departments, such information as to output, prices, sales and stocks as may be needed by the Inter-Government Joint Wool Organisation. In so far as steps are taken for the purchase and holding of clips of the other participating countries and the maintenance of minimum prices for them, steps would have to be taken to ensure not less favourable conditions for the United Kingdom producer. In this connection there will arise the question of the differentials in price established during the war in favour of the home producer. If some differential is to

be maintained, the co-operation of the Inter-Government Joint Wool Organisation would be necessary. If some differential cannot be maintained this no doubt would have to be taken into account in considering future conditions for the home sheep industry, and in particular for the hill sheep industry. But these are matters which would naturally be the responsibility of the Government of the day, in the light of the position of the United Kingdom sheep industry as a whole, and of any other measures being taken to maintain it.

94. The main permanent functions of the Joint Wool Council should be :—

(a) to collect information from producers, merchants and manufacturers on such matters as output, prices, sales and stocks ;

(b) to provide producers with up-to-date intelligence on wool prices and market trends ;

(c) to be available to act as arbiter on price disputes between producer and merchant on the lines of the present appeal machinery established under the Wool Control scheme ;

(d) to draw up and recommend standard methods of packing, and generally to ensure the presentation of the clip to the market in its most convenient and attractive form ;

(e) to draw up and recommend measures, including, if necessary, legislation to eliminate the use of dips and marking materials that permanently damage the wool and lower its market value ;

(f) to co-operate with Dominion and other wool growers' associations, both here and overseas, in such matters as marketing methods, research and publicity ;

(g) to consider ways and means by which the market for home wool, and products manufactured therefrom may be developed and maintained.

95. The Council should be representative of producers, merchants, and manufacturers. The chairman should be an independent person selected by the Government, and should be remunerated on a basis commensurate with the time devoted to the task. We suggest that the Council should comprise four representatives of the producers, two of the merchants, and two of the manufacturers, these representatives to be appointed by the Government from individuals nominated by the interests concerned. The Council should set up a Scottish, a Welsh and one, or possibly more, English Sub-Committees with power to co-opt, again from names submitted by the interests concerned, up to a maximum of nine for each Sub-Committee.

96. During the temporary period the Council would be an essential part of the general organisation. At a later stage the Council might be given certain statutory powers such as those which would ensure the adoption of the methods of appraisement, records, returns, etc., which might be agreed upon. For instance, the continued use by producers of methods which result in a depreciation of the real value of their wool should be dealt with by a sharp differentiation in price. In order to ensure the observance of such requirements it would probably be necessary that the Council should eventually have further powers, e.g. to license merchants.

97. If such arrangements were adopted those concerned could, with much greater authority than at present, make representations to the Government if there arose circumstances entirely outside their control, which deeply affected the great sheep industry of this country. We hope that producers merchants and manufacturers will voluntarily agree to set up such a Council as we have described and will adopt its recommendations. It should go far towards

building up a greater measure of confidence and co-operation between buyer and seller and this, we feel, rather than the immediate creation of more elaborate machinery, is the first step required to safeguard the prospects of the home wool producing industry.

98. We desire to record our acknowledgments to our Secretary and his two Assistants. Upon Mr. Clarke has fallen the main burden, and his intimate knowledge of the working of the trade has been of the greatest service to us.

(Signed) WALTER E. ELLIOT (*Chairman*).
 J. BOWMAN.
 T. G. HENDERSON.
 H. G. HOWITT.

A. H. CLARKE (*Secretary*).

17th October, 1945.

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