

MEMORANDUM FOR CABINET BY THE MINISTER OF INDUSTRIAL
DEVELOPMENT AND TOURISM

Claims by Bakers and Breadsellers

At the sitting held on February 4, 1965, the Cabinet considered a number of claims submitted by the General Retailers and Traders Union on behalf of bakers and breadsellers, and it was decided inter alia that the price of unsubsidized flour be reduced from £3. 18s. 4d. to £3. per bag.

2. When I duly communicated that decision to the Union's representatives they pointed out in strong terms that the decision would leave most of the bakers in their present precarious condition, and they stressed that the bakeries would still be run at a loss.

3. I appointed a small committee to enquire into the present costs of breadmaking; the Committee consisted of

The Director of Trade
The Rationing & Essential Supplies Officer
The Cost & Works Accountant
A Finance Division Representative.

4. The Committee has now presented its report, in which it recommends a reduction of one shilling per bag in the price of flour issued for ration bread of the Maltese type. The Finance Division representative does not agree with the other members of the Committee and considers that no reduction should be granted at all: he contends, inter alia, that the bakers do not need any further help because last year they had substantial quantities of surplus flour which they sold on the black market.

5. I feel that, in dealing with the bakers' claims, we cannot take into account any black market dealings. In the first place, such dealings have now been eliminated because, as a result of the new registration of families made a few months ago, there is no surplus flour available which the bakers might divert into the black market. In the second place, it would be immoral for the Government to tell the bakers that, in order to make a reasonable profit, they should resort to black market activities. It is the duty of the Government to stamp out such activities and not to encourage them.

6. The Cabinet decision of February 4 (referred to above) was at the time estimated to cost the Government £16,000 a year. Today, due to the family registration and the consequent decrease in surplus flour, the sales of unsubsidized flour have risen and the decision, if it had been implemented, would be costing the Government £24,464 a year. The new subsidy of one shilling per bag proposed by the Committee will cost £22,603 a year. Thus if the proposal is approved, the Government will actually be spending less than if the decision of February 4 had been implemented.

7. The Finance Division representative has proposed that no new subsidy be given. If his contentions were acceptable, we would find ourselves in the anomalous position of having to tell the bakers that we were over-generous in February, offering them a concession costing us thousands of pounds when we should have offered nothing at all.

8. The bakers have been clamouring for a new subsidy of ten shillings per bag, and of course I cannot say whether they will ultimately be persuaded to accept an offer of one shilling only.

9. Hon. Ministers are invited to agree that the offer of one shilling be made to the bakers.

6th July, 1965.