The Economic Organisation of a P.O.W. Camp

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Introduction

After allowance has been made for abnormal circumstances, the social institutions, ideas and habits of groups in the outside world are to be found reflected in a Prisoner of War Camp. It is an unusual but a vital society. Camp organisation and politics are matters of real concern to the inmates, as affecting their present and perhaps their future existences. Nor does this indicate any loss of proportion. No one pretends that camp matters are of any but local importance or of more than transient interest, but their importance there is great. They bulk large in a world of narrow horizons and it is suggested that any distortion of values lies rather in the minimisation than in the exaggeration of their importance. Human affairs are essentially practical matters and the measure of immediate effect on the lives of those directly concerned in them is to a large extent the criterion of their importance at that time and place. A prisoner can hold strong views on such subjects as whether or not all tinned meats shall be issued to individuals cold or be centrally cooked, without losing sight of the significance of the Atlantic Charter.

One aspect of social organisation is to be found in economic activity, and this, along with other manifestations of a group existence, is to be found in any P.O.W. camp. True, a prisoner is not dependent on his exertions for the provision of the necessaries, or even the luxuries of life, but through his economic activity, the exchange of goods and services, his standard of material comfort is considerably enhanced. And this is a serious matter to the prisoner: he is not "playing at shops" even though the small scale of the transactions and the simple expression of comfort and wants in terms of cigarettes and jam, razor blades and writing paper, make the urgency of those needs difficult to appreciate, even by an ex-prisoner of some three months' standing.

Nevertheless, it cannot be too strongly emphasised that economic activities do not bulk so large in prison society as they do in the larger world. There can be little production; as has been said the prisoner is independent of his exertions for the provision of the necessities and luxuries of life; the emphasis lies in exchange and the media of exchange. A prison camp is not to be compared with the seething crowd of higglers in a street market, any more than it is to be compared with the economic inertia of a family dinner table.

Naturally then, entertainment, academic and literary interests, games and discussions of the "other world" bulk larger in everyday life than they do in the life of more normal societies. But it would be

wrong to underestimate the importance of economic activity. Everyone receives a roughly equal share of essentials; it is by trade that individual preferences are given expression and comfort increased. All at some time, and most people regularly, make exchanges of one sort or another.

Although a P.O.W. camp provides a living example of a simple economy which might be used as an alternative to the Robinson Crusoe economy beloved by the text-books, and its simplicity renders the demonstration of certain economic hypotheses both amusing and instructive, it is suggested that the principal significance is sociological. True, there is interest in observing the growth of economic institutions and customs in a brand new society, small and simple enough to prevent detail from obscuring the basic pattern and disequilibrium from obscuring the working of the system. But the essential interest lies in the universality and the spontaneity of this economic life; it came into existence not by conscious imitation but as a response to the immediate needs and circumstances. Any similarity between prison organisation and outside organisation arises from similar stimuli evoking similar responses.

The following is as brief an account of the essential data as may render the narrative intelligible. The camps of which the writer had experience were Oflags and consequently the economy was not complicated by payments for work by the detaining power. They consisted normally of between 1,200 and 2,500 people, housed in a number of separate but intercommunicating bungalows, one company of 200 or so to a building. Each company formed a group within the main organisation and inside the company the room and the messing syndicate, a voluntary and spontaneous group who fed together, formed the constituent units.

Between individuals there was active trading in all consumer goods and in some services. Most trading was for food against cigarettes or other foodstuffs, but cigarettes rose from the status of a normal commodity to that of currency. RMk.s existed but had no circulation save for gambling debts, as few articles could be purchased with them from the canteen.

Our supplies consisted of rations provided by the detaining power and (principally) the contents of Red Cross food parcels—tinned milk, jam, butter, biscuits, bully, chocolate, sugar, etc., and cigarettes. So far the supplies to each person were equal and regular. Private parcels of clothing, toilet requisites and cigarettes were also received, and here equality ceased owing to the different numbers despatched and the vagaries of the post. All these articles were the subject of trade and exchange.

The Development and Organisation of the Market

Very soon after capture people realised that it was both undesirable and unnecessary, in view of the limited size and the equality of supplies,

to give away or to accept gifts of cigarettes or food. "Goodwill" developed into trading as a more equitable means of maximising individual satisfaction.

We reached a transit camp in Italy about a fortnight after capture and received ¼ of a Red Cross food parcel each a week later. At once exchanges, already established, multiplied in volume. Starting with simple direct barter, such as a non-smoker giving a smoker friend his cigarette issue in exchange for a chocolate ration, more complex exchanges soon became an accepted custom. Stories circulated of a padre who started off round the camp with a tin of cheese and five cigarettes and returned to his bed with a complete parcel in addition to his original cheese and cigarettes; the market was not yet perfect. Within a week or two, as the volume of trade grew, rough scales of exchange values came into existence. Sikhs, who had at first exchanged tinned beef for practically any other foodstuff, began to insist on jam and margarine. It was realised that a tin of jam was worth ½ lb. of margarine plus something else; that a cigarette issue was worth several chocolate issues, and a tin of diced carrots was worth practically nothing.

In this camp we did not visit other bungalows very much and prices varied from place to place; hence the germ of truth in the story of the itinerant priest. By the end of a month, when we reached our permanent camp, there was a lively trade in all commodities and their relative values were well known, and expressed not in terms of one another—one didn't quote bully in terms of sugar—but in terms of cigarettes. The cigarette became the standard of value. In the permanent camp people started by wandering through the bungalows calling their offers—"cheese for seven" (cigarettes)—and the hours after parcel issue were Bedlam. The inconveniences of this system soon led to its replacement by an Exchange and Mart notice board in every bungalow, where under the headings "name", "room number", "wanted" and "offered" sales and wants were advertised. When a deal went through, it was crossed off the board. The public and semi-permanent records of transactions led to cigarette prices being well known and thus tending to equality throughout the camp, although there were always opportunities for an astute trader to make a profit from arbitrage. With this development everyone, including non-smokers, was willing to sell for cigarettes, using them to buy at another time and place. Cigarettes became the normal currency, though, of course, barter was never extinguished.

The unity of the market and the prevalence of a single price varied directly with the general level of organisation and comfort in the camp. A transit camp was always chaotic and uncomfortable: people were overcrowded, no one knew where anyone else was living, and few took the trouble to find out. Organisation was too slender to include an Exchange and Mart board, and private advertisements were the most that appeared. Consequently a transit camp was not one

market but many. The price of a tin of salmon is known to have varied by two cigarettes in 20 between one end of a hut and the other. Despite a high level of organisation in Italy, the market was morcellated in this manner at the first transit camp we reached after our removal to Germany in the autumn of 1943. In this camp—Stalag VIIA at Moosburg in Bavaria—there were up to 50,000 prisoners of all nationalities. French, Russians, Italians and Jugo-Slavs were free to move about within the camp: British and Americans were confined to their compounds, although a few cigarettes given to a sentry would always procure permission for one or two men to visit other compounds. The people who first visited the highly organised French trading centre, with its stalls and known prices, found coffee extract—relatively cheap among the tea-drinking English—commanding a fancy price in biscuits or cigarettes, and some enterprising people made small fortunes that way. (Incidentally we found out later that much of the coffee went "over the wire" and sold for phenomenal prices at black market cafés in Munich: some of the French prisoners were said to have made substantial sums in RMk.s. This was one of the few occasions on which our normally closed economy came into contact with other economic worlds.)

Eventually public opinion grew hostile to these monopoly profits—not everyone could make contact with the French—and trading with them was put on a regulated basis. Each group of beds was given a quota of articles to offer and the transaction was carried out by accredited representatives from the British compound, with monopoly rights. The same method was used for trading with sentries elsewhere, as in this trade secrecy and reasonable prices had a peculiar importance, but as is ever the case with regulated companies, the interloper proved too strong.

The permanent camps in Germany saw the highest level of commercial organisation. In addition to the Exchange and Mart notice boards, a shop was organised as a public utility, controlled by representatives of the Senior British Officer, on a no profit basis. People left their surplus clothing, toilet requisites and food there until they were sold at a fixed price in cigarettes. Only sales in cigarettes were accepted—there was no barter— and there was no higgling. For food at least there were standard prices: clothing is less homogeneous and the price was decided around a norm by the seller and the shop manager in agreement; shirts would average say 80, ranging from 60 to 120 according to quality and age. Of food, the shop carried small stocks for convenience; the capital was provided by a loan from the bulk store of Red Cross cigarettes and repaid by a small commission taken on the first transactions. Thus the cigarette attained its fullest currency status, and the market was almost completely unified.

It is thus to be seen that a market came into existence without labour or production. The B.R.C.S. may be considered as "Nature" of the

text-book, and the articles of trade—food, clothing and cigarettes—as free gifts—land or manna. Despite this, and despite a roughly equal distribution of resources, a market came into spontaneous operation, and prices were fixed by the operation of supply and demand. It is difficult to reconcile this fact with the labour theory of value.

Actually there was an embryo labour market. Even when cigarettes were not scarce, there was usually some unlucky person willing to perform services for them. Laundrymen advertised at two cigarettes a garment. Battle-dress was scrubbed and pressed and a pair of trousers lent for the interim period for twelve. A good pastel portrait cost thirty or a tin of " Kam ". Odd tailoring and other jobs similarly had their prices.

There were also entrepreneurial services. There was a coffee stall owner who sold tea, coffee or cocoa at two cigarettes a cup, buying his raw materials at market prices and hiring labour to gather fuel and to stoke; he actually enjoyed the services of a chartered accountant at one stage. After a period of great prosperity he overreached himself and failed disastrously for several hundred cigarettes. Such large-scale private enterprise was rare but several middlemen or professional traders existed. The padre in Italy, or the men at Moosburg who opened trading relations with the French, are examples: the more subdivided the market, the less perfect the advertisement of prices, and the less stable the prices, the greater was the scope for these operators. One man capitalised his knowledge of Urdu by buying meat from the Sikhs and selling butter and jam in return: as his operations became better known more and more people entered this trade, prices in the Indian Wing approximated more nearly to those elsewhere, though to the end a " contact " among the Indians was valuable, as linguistic difficulties prevented the trade from being quite free. Some were specialists in the Indian trade, the food, clothing or even the watch trade. Middlemen traded on their own account or on commission. Price rings and agreements were suspected and the traders certainly co-operated. Nor did they welcome newcomers. Unfortunately the writer knows little of the workings of these people: public opinion was hostile and the professionals were usually of a retiring disposition.

One trader in food and cigarettes, operating in a period of dearth, enjoyed a high reputation. His capital, carefully saved, was originally about 50 cigarettes, with which he bought rations on issue days and held them until the price rose just before the next issue. He also picked up a little by arbitrage; several times a day he visited every Exchange or Mart notice board and took advantage of every discrepancy between prices of goods offered and wanted. His knowledge of prices, markets and names of those who had received cigarette parcels was phenomenal. By these means he kept himself smoking steadily—his profits—while his capital remained intact.

Sugar was issued on Saturday. about Tuesday two of us used to visit Sam and make a deal; as old customers he would advance as much of the price as he could spare then, and entered the transaction in a book. On Saturday morning he left cocoa tins on our beds for the ration, and picked them up on Saturday afternoon. We were hoping for a calendar at Christmas, but Sam failed too. He was left holding a big black treacle issue when the price fell, and in this weakened state was unable to withstand an unexpected arrival of parcels and the consequent price fluctuations. He paid in full, but from his capital. The next Tuesday, when I paid my usual visit he was out of business.

Credit entered into many, perhaps into most, transactions, in one form or another. Sam paid in advance as a rule for his purchases of future deliveries of sugar, but many buyers asked for credit, whether the commodity was sold spot or future. Naturally prices varied according to the terms of sale. A treacle ration might be advertised for four cigarettes now or five next week. And in the future market "bread now" was a vastly different thing from "bread Thursday". Bread was issued on Thursday and Monday, four and three days' rations respectively, and by Wednesday and Sunday night it had risen at least one cigarette per ration, from seven to eight, by supper time. One man always saved a ration to sell then at the peak price: his offer of "bread now" stood out on the board among a number of "bread Monday's" fetching one or two less, or not selling at all—and he always smoked on Sunday night.

The Cigarette Currency

Although cigarettes as currency exhibited certain peculiarities, they performed all the functions of a metallic currency as a unit of account, as a measure of value and as a store of value, and shared most of its characteristics. They were homogeneous, reasonably durable, and of convenient size for the smallest or, in packets, for the largest transactions. Incidentally, they could be clipped or sweated by rolling them between the fingers so that tobacco fell out.

Cigarettes were also subject to the working of Gresham's Law. Certain brands were more popular than others as smokes, but for currency purposes a cigarette was a cigarette. Consequently buyers used the poorer qualities and the Shop rarely saw the more popular brands: cigarettes such as Churchman's No. 1 were rarely used for trading. At one time cigarettes hand-rolled from pipe tobacco began to circulate. Pipe tobacco was issued in lieu of cigarettes by the Red Cross at a rate of 25 cigarettes to the ounce and this rate was standard in exchanges, but an ounce would produce 30 home-made cigarettes. Naturally, people with machine-made cigarettes broke them down and re-rolled the tobacco, and the real cigarette virtually disappeared from the market. Hand-rolled cigarettes were not homogeneous and prices could no longer be quoted in them with safety: each cigarette was examined before it was accepted and thin

ones were rejected, or extra demanded as a make-weight. For a time we suffered all the inconveniences of a debased currency.

Machine-made cigarettes were always universally acceptable, both for what they would buy and for themselves. It was this intrinsic value which gave rise to their principal disadvantage as currency, a disadvantage which exists, but to a far smaller extent, in the case of metallic currency;—that is, a strong demand for non-monetary purposes. Consequently our economy was repeatedly subject to deflation and to periods of monetary stringency. While the Red Cross issue of 50 or 25 cigarettes per man per week came in regularly, and while there were fair stocks held, the cigarette currency suited its purpose admirably. But when the issue was interrupted, stocks soon ran out, prices fell, trading declined in volume and became increasingly a matter of barter. This deflationary tendency was periodically offset by the sudden injection of new currency. Private cigarette parcels arrived in a trickle throughout the year, but the big numbers came in quarterly when the Red Cross received its allocation of transport. Several hundred thousand cigarettes might arrive in the space of a fortnight. Prices soared, and then began to fall, slowly at first but with increasing rapidity as stocks ran out, until the next big delivery. Most of our economic troubles could be attributed to this fundamental instability.

Price Movements

Many factors affected prices, the strongest and most noticeable being the periodical currency inflation and deflation described in the last paragraphs. The periodicity of this price cycle depended on cigarette and, to a far lesser extent, on food deliveries. At one time in the early days, before any private parcels had arrived and when there were no individual stocks, the weekly issue of cigarettes and food parcels occurred on a Monday. The non-monetary demand for cigarettes was great, and less elastic than the demand for food: consequently prices fluctuated weekly, falling towards Sunday night and rising sharply on Monday morning. Later, when many people held reserves, the weekly issue had no such effect, being too small a proportion of the total available. Credit allowed people with no reserves to meet their non-monetary demand over the week-end.

The general price level was affected by other factors. An influx of new prisoners, proverbially hungry, raised it. Heavy air raids in the vicinity of the camp probably increased the non-monetary demand for cigarettes and accentuated deflation. Good and bad war news certainly had its effect, and the general waves of optimism and pessimism which swept the camp were reflected in prices. Before breakfast one morning in March of this year, a rumour of the arrival of parcels and cigarettes was circulated. Within ten minutes I sold a treacle ration, for four cigarettes (hitherto offered in vain for three), and many similar deals went through. By 10 o'clock the rumour was denied, and treacle that day found no more buyers even at two cigarettes.

More interesting than changes in the general price level were changes in the price structure. Changes in the supply of a commodity, in the German ration scale or in the make-up of Red Cross parcels, would raise the price of one commodity relative to others. Tins of oatmeal, once a rare and much sought after luxury in the parcels, became a commonplace in 1943, and the price fell. In hot weather the demand for cocoa fell, and that for soap rose. A new recipe would be reflected in the price level: the discovery that raisins and sugar could be turned into an alcoholic liquor of remarkable potency reacted permanently on the dried fruit market. The invention of electric immersion heaters run off the power points made tea, a drug on the market in Italy, a certain seller in Germany.

In August, 1944, the supplies of parcels and cigarettes were both halved. Since both sides of the equation were changed in the same degree, changes in prices were not anticipated. But this was not the case: the non-monetary demand for cigarettes was less elastic than the demand for food, and food prices fell a little. More important however were the changes in the price structure. German margarine and jam, hitherto valueless owing to adequate supplies of Canadian butter and marmalade, acquired a new value. Chocolate, popular and a certain seller, and sugar, fell. Bread rose; several standing contracts of bread for cigarettes were broken, especially when the bread ration was reduced a few weeks later.

In February, 1945, the German soldier who drove the ration waggon was found to be willing to exchange loaves of bread at the rate of one loaf for a bar of chocolate. Those in the know began selling bread and buying chocolate, by then almost unsaleable in a period of serious deflation. Bread, at about 40, fell slightly; chocolate rose from 15; the supply of bread was not enough for the two commodities to reach parity, but the tendency was unmistakable.

The substitution of German margarine for Canadian butter when parcels were halved naturally affected their relative values, margarine appreciating at the expense of butter. Similarly, two brands of dried milk, hitherto differing in quality and therefore in price by five cigarettes a tin, came together in price as the wider substitution of the cheaper raised its relative value.

Enough has been cited to show that any change in conditions affected both the general price level and the price structure. It was this latter phenomenon which wrecked our planned economy.

Paper Currency—Bully Marks

Around D-Day, food and cigarettes were plentiful, business was brisk and the camp in an optimistic mood. Consequently the Entertainments Committee felt the moment opportune to launch a restaurant, where food and hot drinks were sold while a band and variety turns performed. Earlier experiments, both public and private, had pointed the way, and the scheme was a great success. Food was bought at

market prices to provide the meals and the small profits were devoted to a reserve fund and used to bribe Germans to provide grease-paints and other necessities for the camp theatre. Originally meals were sold for cigarettes but this meant that the whole scheme was vulnerable to the periodic deflationary waves, and furthermore heavy smokers were unlikely to attend much. The whole success of the scheme depended on an adequate amount of food being offered for sale in the normal manner.

To increase and facilitate trade, and to stimulate supplies and customers therefore, and secondarily to avoid the worst effects of deflation when it should come, a paper currency was organised by the Restaurant and the Shop. The Shop bought food on behalf of the Restaurant with paper notes and the paper was accepted equally with the cigarettes in the Restaurant or Shop, and passed back to the Shop to purchase more food. The Shop acted as a bank of issue. The paper money was backed 100 per cent. by food; hence its name, the Bully Mark. The BMk. was backed 100 per cent. by food: there could be no over-issues, as is permissible with a normal bank of issue, since the eventual dispersal of the camp and consequent redemption of all BMk.s was anticipated in the near future.

Originally one BMk. was worth one cigarette and for a short time both circulated freely inside and outside the Restaurant. Prices were quoted in BMk.s and cigarettes with equal freedom—and for a short time the BMk. showed signs of replacing the cigarette as currency. The BMk. was tied to food, but not to cigarettes: as it was issued against food, say 45 for a tin of milk and so on, any reduction in the BMk. prices of food would have meant that there were unbacked BMk.s in circulation. But the price of both food and BMk.s could and did fluctuate with the supply of cigarettes.

While the Restaurant flourished, the scheme was a success: the Restaurant bought heavily, all foods were saleable and prices were stable.

In August parcels and cigarettes were halved and the Camp was bombed. The Restaurant closed for a short while and sales of food became difficult. Even when the Restaurant reopened, the food and cigarette shortage became increasingly acute and people were unwilling to convert such valuable goods into paper and to hold them for luxuries like snacks and tea. Less of the right kinds of food for the Restaurant were sold, and the Shop became glutted with dried fruit, chocolate, sugar, etc., which the Restaurant could not buy. The price level and the price structure changed. The BMk. fell to four-fifths of a cigarette and eventually farther still, and it became unacceptable save in the Restaurant. There was a flight from the BMk., no longer convertible into cigarettes or popular foods. The cigarette re-established itself.

But the BMk. was sound! The Restaurant closed in the New Year with a progressive food shortage and the long evenings without lights due to intensified Allied air raids, and BMk.s could only be spent in

the Coffee Bar—relict of the Restaurant—or on the few unpopular foods in the Shop, the owners of which were prepared to accept them. In the end all holders of BMk.s were paid in full, in cups of coffee or in prunes. People who had bought BMk.s for cigarettes or valuable jam or biscuits in their heyday were aggrieved that they should have stood the loss involved by their restricted choice, but they suffered no actual loss of market value.

Price Fixing

Along with this scheme came a determined attempt at a planned economy, at price fixing. The Medical Officer had long been anxious to control food sales, for fear of some people selling too much, to the detriment of their health. The deflationary waves and their effects on prices were inconvenient to all and would be dangerous to the Restaurant which had to carry stocks. Furthermore, unless the BMk. was convertible into cigarettes at about par it had little chance of gaining confidence and of succeeding as a currency. As has been explained, the BMk. was tied to food but could not be tied to cigarettes, which fluctuated in value. Hence, while BMk. prices of food were fixed for all time, cigarette prices of food and BMk.s varied.

The Shop, backed by the Senior British Officer, was now in a position to enforce price control both inside and outside its walls. Hitherto a standard price had been fixed for food left for sale in the shop, and prices outside were roughly in conformity with this scale, which was recommended as a " guide " to sellers, but fluctuated a good deal around it. Sales in the Shop at recommended prices were apt to be slow though a good price might be obtained: sales outside could be made more quickly at lower prices. (If sales outside were to be at higher prices, goods were withdrawn from the Shop until the recommended price rose: but the recommended price was sluggish and could not follow the market closely by reason of its very purpose, which was stability.) The Exchange and Mart notice boards came under the control of the Shop: advertisements which exceeded a 5 per cent. departure from the recommended scale were liable to be crossed out by authority: unauthorised sales were discouraged by authority and also by public opinion, strongly in favour of a just and stable price. (Recommended prices were fixed partly from market data, partly on the advice of the M.O.)

At first the recommended scale was a success: the Restaurant, a big buyer, kept prices stable around this level: opinion and the 5 per cent. tolerance helped. But when the price level fell with the August cuts and the price structure changed, the recommended scale was too rigid. Unchanged at first, as no deflation was expected, the scale was tardily lowered, but the prices of goods on the new scale remained in the same relation to one another, owing to the BMk., while on the market the price structure had changed. And the modifying influence of the Restaurant had gone. The scale was moved

up and down several times, slowly following the inflationary and deflationary waves, but it was rarely adjusted to changes in the price structure. More and more advertisements were crossed off the board, and black market sales at unauthorised prices increased: eventually public opinion turned against the recommended scale and authority gave up the struggle. In the last few weeks, with unparalleled deflation, prices fell with alarming rapidity, no scales existed, and supply and demand, alone and unmellowed, determined prices.

Public Opinion

Public opinion on the subject of trading was vocal if confused and changeable, and generalisations as to its direction are difficult and dangerous. A tiny minority held that all trading was undesirable as it engendered an unsavoury atmosphere; occasional frauds and sharp practices were cited as proof. Certain forms of trading were more generally condemned; trade with the Germans was criticised by many. Red Cross toilet articles, which were in short supply and only issued in cases of actual need, were excluded from trade by law and opinion working in unshakable harmony. At one time, when there had been several cases of malnutrition reported among the more devoted smokers, no trade in German rations was permitted, as the victims became an additional burden on the depleted food reserves of the Hospital. But while certain activities were condemned as anti-social, trade itself was practised, and its utility appreciated, by almost everyone in the camp.

More interesting was opinion on middlemen and prices. Taken as a whole, opinion was hostile to the middleman. His function, and his hard work in bringing buyer and seller together, were ignored; profits were not regarded as a reward for labour, but as the result of sharp practices. Despite the fact that his very existence was proof to the contrary, the middleman was held to be redundant in view of the existence of an official Shop and the Exchange and Mart. Appreciation only came his way when he was willing to advance the price of a sugar ration, or to buy goods spot and carry them against a future sale. In these cases the element of risk was obvious to all, and the convenience of the service was felt to merit some reward. Particularly unpopular was the middleman with an element of monopoly, the man who contacted the ration wagon driver, or the man who utilised his knowledge of Urdu. And middlemen as a group were blamed for reducing prices. Opinion notwithstanding, most people dealt with a middleman, whether consciously or unconsciously, at some time or another.

There was a strong feeling that everything had its "just price" in cigarettes. While the assessment of the just price, which incidentally varied between camps, was impossible of explanation, this price was nevertheless pretty closely known. It can best be defined as the price usually fetched by an article in good times when cigarettes were

plentiful. The "just price" changed slowly; it was unaffected by short-term variations in supply, and while opinion might be resigned to departures from the "just price", a strong feeling of resentment persisted. A more satisfactory definition of the "just price" is impossible. Everyone knew what it was, though no one could explain why it should be so.

As soon as prices began to fall with a cigarette shortage, a clamour arose, particularly against those who held reserves and who bought at reduced prices. Sellers at cut prices were criticised and their activities referred to as the black market. In every period of dearth the explosive question of "should non-smokers receive a cigarette ration?" was discussed to profitless length. Unfortunately, it was the non-smoker, or the light smoker with his reserves, along with the hated middleman, who weathered the storm most easily.

The popularity of the price-fixing scheme, and such success as it enjoyed, were undoubtedly the result of this body of opinion. On several occasions the fall of prices was delayed by the general support given to the recommended scale. The onset of deflation was marked by a period of sluggish trade; prices stayed up but no one bought. Then prices fell on the black market, and the volume of trade revived in that quarter. Even when the recommended scale was revised, the volume of trade in the Shop would remain low. Opinion was always overruled by the hard facts of the market.

Curious arguments were advanced to justify price fixing. The recommended prices were in some way related to the calorific values of the foods offered: hence some were overvalued and never sold at these prices. One argument ran as follows:—not everyone has private cigarette parcels: thus, when prices were high and trade good in the summer of 1944, only the lucky rich could buy. This was unfair to the man with few cigarettes. When prices fell in the following winter, prices should be pegged high so that the rich, who had enjoyed life in the summer, should put many cigarettes into circulation. The fact that those who sold to the rich in the summer had also enjoyed life then, and the fact that in the winter there was always someone willing to sell at low prices were ignored. Such arguments were hotly debated each night after the approach of Allied aircraft extinguished all lights at 8 p.m. But prices moved with the supply of cigarettes, and refused to stay fixed in accordance with a theory of ethics.

Conclusion

The economic organisation described was both elaborate and smooth-working in the summer of 1944. Then came the August cuts and deflation. Prices fell, rallied with deliveries of cigarette parcels in September and December, and fell again. In January, 1945, supplies of Red Cross cigarettes ran out: and prices slumped still further: in February the supplies of food parcels were exhausted and the depression became a blizzard. Food, itself scarce, was almost given away in

order to meet the non-monetary demand for cigarettes. Laundries ceased to operate, or worked for £s or RMk.s: food and cigarettes sold for fancy prices in £s, hitherto unheard of. The Restaurant was a memory and the BMk. a joke. The Shop was empty and the Exchange and Mart notices were full of unaccepted offers for cigarettes. Barter increased in volume, becoming a larger proportion of a smaller volume of trade. This, the first serious and prolonged food shortage in the writer's experience, caused the price structure to change again, partly because German rations were not easily divisible. A margarine ration gradually sank in value until it exchanged directly for a treacle ration. Sugar slumped sadly. Only bread retained its value. Several thousand cigarettes, the capital of the Shop, were distributed without any noticeable effect. A few fractional parcel and cigarette issues, such as one-sixth of a parcel and twelve cigarettes each, led to momentary price recoveries and feverish trade, especially when they coincided with good news from the Western Front, but the general position remained unaltered.

By April, 1945, chaos had replaced order in the economic sphere: sales were difficult, prices lacked stability. Economics has been defined as the science of distributing limited means among unlimited and competing ends. On 12th April, with the arrival of elements of the 30th U.S. Infantry Division, the ushering in of an age of plenty demonstrated the hypothesis that with infinite means economic organisation and activity would be redundant, as every want could be satisfied without effort.