

Beyond the market: community exchange in Austerity Britain, 1939-1954

by Mark Roodhouse

Introduction [Slide 1]

In recent years, thanks to Web 2.0 and economic austerity, there has been renewed interest in community exchange schemes pioneered by activists during the 1980s. By creating complementary and alternative currencies these pioneers hoped to revitalize or recreate local traditions of self-help and mutual aid, which they felt had been eroded or lost due to the socio-economic changes attendant on the penetration of the market economy. In doing so they believed that they could, amongst other things, strengthen communal ties, increase economic resilience and help people back into work. Whether these formalized systems of community exchange achieve these things is neither my concern nor my area of expertise. Rather I'm interested in challenging the historical account of an all-conquering market economy eroding *informal* community exchange that is implicit in their arguments. What follows uses British experience of rationing during the 1940s and 1950s to challenge the idea of a 'great transformation'. In so doing it recovers a usable past of gift-giving, swapping, and 'paid favours' in the original 'Austerity Britain' that points to some of the opportunities and challenges facing those seeking to formalize or regulate community exchange today.

***The Great Transformation: an incomplete 'market revolution'?* [Slide 2]**

Market exchange came to dominate economic life and economic thought during the late eighteenth century and early nineteenth century. Increasingly, Britons conceived of the economy outside the household as a free-market one and behaved accordingly. Karl Polanyi dubbed this the 'great transformation'. But focusing on the changes associated with the so-called 'market revolution' obscured the continued importance of other kinds of non-market exchange that remained part of the British repertoire into the C20 and beyond. Their relative importance continued to wax and wane in line with economic cycles. It also blinded some to the social meanings of monetary exchange, which was frequently, and still is, conflated with market exchange. Government was heavily involved in this process. Economic statistics and economic policies did much to create the distinction between a 'formal economy' captured in official figures and an 'informal' one that defied measurement.

Rediscovering the underground economy in wartime [Slide 3]

Mobilizing the British economy to fight the Second World War led Whitehall to intervene in the underground economy, which it had failed to comprehend despite concerns about benefit fraud and tax evasion during the depression. (Ironically, the national income accounting methods developed to help run the British war economy from Whitehall would reinforce the binary distinction between a formal economy found in Treasury Blue Books and an informal economy.) The rationing schemes introduced to prevent inflation and ensure equitable distribution of basic goods outlawed or severely restricted the gifting and swapping of ration coupons, rationed goods, home-grown produce and handicrafts – central to informal community exchange before the war.

Shades of grey [Slide 4]

These restrictions appeared logical to the rationing ministries, but there were strong arguments on either side. The ban on exchanging coupons and rations also ran counter to popular notions of private property. Civilians conceived of their official entitlement as theirs to do with as they saw fit. They did not see why they could not give unused rations away, swap them, or sell them at or below the official price (the 'paid favour' associated with 'charitable traders' or mutual societies of 'user-dealers') as well as consume them. It could not be wrong as it did not seem to deprive anyone else of their fair share. These were the characteristic exchanges of the 'grey market', which was illegal but socially acceptable unlike the illegal and immoral black market.

The 'Grey Market' of community exchange

Most evasion of control during Austerity involved this 'grey' market of informal community exchange. Civilians saw nothing wrong in gifting, swapping or selling unused ration coupons, unwanted rations, home-grown produce and handicrafts. Attempts to prohibit the grey market proved fruitless. **[Slide 5]** It was, as the writer and activist Naomi Mitchison put it, 'an obligation or matter of friendship'. **[Slide 6]** In fact this illegal grey market served a vital educative function, teaching the young to give freely and share with one another according to Nella Last (Housewife 49).

Fair trade? The Grey Market's winners and losers

The principle sources of supply were unused rations, self-suppliers of home-grown or home-made produce, and, in some cases, the perks and fiddles associated with particular jobs. Of these, only unused rations were new. Working out equivalences between gifts or when bartering was easier than we might imagine thanks to working-class experience of pawn broking and the markets in secondhand and stolen goods. Of course, pound sterling remained the reference point. Such exchanges were redistributive but not always in a socially progressive manner. Gardeners and allotment-holders prospered as did transport workers and factor workers. All had things to exchange that others wanted. **[Slide 7]** This is where the 'paid favour' came into its own. R.AD. Forrest, lecturer in Tibeto-Burman languages at SOAS, documented the emergence of the 'paid favour' amongst villagers in Sheering, Essex.

Conclusions [Slide 8]

Recovering this usable past of *informal* community exchange, challenges advocates of *formal* community exchange (e.g. LETS and time banks) in several ways. First, the issue is not one of reviving or recreating community exchange as it continued informally across the twentieth century, even in affluent communities albeit it at a lower level. Thanks to renewed austerity informal community exchange is likely to be experiencing a boom just as did during the 1940s. Instead the issue is whether, or even if, the state can harness these practices through formal schemes to deliver public services or achieve policy goals. The public is unlikely to take kindly to interventions in an area of

economic life that traditionally has not been recognized as government's concern – something the wartime Ministry of Food discovered to its cost when trying to regulate gifting and swapping of rationed food.

Secondly, in addition to gift-giving and barter today's community exchange schemes need to acknowledge the existence of 'paid favours', recognizing that money is not intrinsically 'bad'. Finding a way to incorporate paid favours into these schemes, perhaps allowing people to exchange credits for pounds, would make the schemes more attractive to people on low incomes or the unskilled and time poor middle class who could repay the favour.

Thirdly, community exchange is redistributive but not necessarily in socially progressive ways. Middle class gardeners were at a distinct advantage in the grey market. Today time banking allows the unskilled middle class to exploit the skilled working class. Giving credits to the disadvantaged might off-set this, but it would be costly and time consuming.

Finally, longer term, as austerity gives way to affluence, both formal and informal community exchange is bound to retreat. As the residents of 1950s Bethnal Green knew, being beholden to nosy neighbours was something to be avoided if at all possible. The questions then will be how can these traditions be preserved in affluent areas so as to promote community, and encouraged in disadvantaged areas whose residents stand to benefit economically from them.

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Further reading

John Davis, *Exchange* (Buckingham: Open University Press, 1992).

Avner Offer, *The Challenge of Affluence: Self-Control and Well-Being in the United States and Britain since 1950* (Oxford: Oxford University Press, 2006), pp. 75-99.

Mark Roodhouse, 'Popular Morality and the Black Market in Britain, 1939-55', in Frank Trentmann and Flemming Just (eds.), *Food and Conflict in Europe in the Age of the Two World Wars* (Basingstoke: Palgrave Macmillan, 2006), pp. 243-65.

Mark Roodhouse, *Black Market Britain: 1939-1954* (Oxford: Oxford University Press, forthcoming 2012).

Viviana A. Zelizer, *Economic Lives: How Culture shapes the Economy* (Princeton, NJ: Princeton University Press, 2010).

Rajni Bakshi, *Bazaars, Conversations and Freedom: For a Market Culture beyond Greed and Fear* (New Delhi: Penguin Books India, 2009).

About the speaker

Mark Roodhouse lectures in modern British history at the University of York. He is the author of several academic articles and the History & Policy paper 'Rationing returns' assessing proposals for personal carbon trading in the light of wartime rationing. Oxford University Press will publish his first book *Black Market Britain: 1939-1954* next year. mark.roodhouse@york.ac.uk