

COMMISSARIES...

State emergency relief administration
1933

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COMMISSARIES

The unprecedented expenditures for relief in New Jersey since the inception of the Emergency Relief Administration have awakened a new consciousness of relief needs and relief costs. Citizens, as well as officials, have sought a plan of relief giving that will be inexpensive as well as effective. In the effort to find such a plan, the suggestion is frequently made that the relief agencies should operate stores at which relief families may obtain their provisions. This method is known as the commissary system.

To plunge hurriedly into the operation of commissaries on the strength of their apparent advantages of wholesale buying and direct distribution of relief commodities is not wise. Only by reflecting upon all factors affecting their situation can relief agencies hope to function effectively during a prolonged period of stress. Such reflection reveals dangerous social and economic implications in the commissary plan.

Principles of Relief

During the present economic crisis, the bulk of relief is needed by persons hitherto able to provide their own livelihood and who will again be able to do so when good times return if their health and morale be not sapped during the period of dependency. Relief giving ought to be made to conform with normal ways of life so that self-sufficiency can be restored more quickly. Prolonged dependency is likely to follow unadvised interference with family habits.

Relief cannot be safely effective for long unless it is

personalized. That individualization must be the basis of relief giving is a principle which cannot wisely be disregarded. Individualization is impossible if all relief families are obliged to obtain their food from commissaries operated and controlled by the relief agency.

Furthermore when commerce and industry are badly disorganized, credit needs all available support. If, in addition to unavoidable lessening of sales due to decreased buying power, trade is deflected to relief commissaries, normal business is given an added handicap. Not only is the economic recovery of the community made more difficult, but there is a likelihood that the number of persons requiring assistance will be increased. It is the firm belief of the Administration that the distribution of relief through commissaries produces these results; that commissaries frequently impose unnecessary hardship, humiliation, and distress upon the recipients of relief; and that the period of dependency is often prolonged by the use of the commissary. As a result, the community suffers.

The New Jersey Emergency Relief Administration refuses to sponsor any relief projects which tend to operate in this direction.

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COMMISSARIES IN NEW JERSEY

A number of New Jersey municipalities have experimented with commissaries, both during the period in which the Emergency Relief Administration has been in existence, and in earlier years.

For various reasons most of these experiments were quickly abandoned. At the end of 1932 there were nineteen commissaries still operating in twenty-one New Jersey communities. Most of these commissaries are of quite recent origin, few having been in operation for more than a year.

CONCLUSIONS REGARDING COMMISSARIES

During the months of October, November and December, the operation and effect of commissaries were studied in twelve New Jersey communities where this method of relief giving was then being used. Data were gathered concerning costs, the quantity and quality of food given, and the general character of relief service in these commissary communities. Based upon observation of these commissaries during the last three months of 1932, the conclusions of the Administration upon the subject may briefly be stated as follows:

That the commissary system affords no advantages not otherwise obtainable and may be and often is detrimental to the well-being of the relief recipients and to the community at large.

This conclusion is based upon the findings of the study, as applied to various aspects of the twelve New Jersey commissaries of which the following paragraphs are summaries:

The quantity and variety of food being distributed through the commissaries is often inadequate to meet the needs of the families being aided, particularly when the number of persons per family is in excess of five.

The cost of food as distributed through the commissary except under unusual and isolated conditions, is but slightly under normal retail cost.

Some economies as the commissary effects are obtained by the substitution of merchandise of lower grades than those normally distributed by retailers or by requiring recipients of relief to work in the commissary in return for relief.

The alleged savings often reported are due in large part to the giving of inadequate food allowances.

Except under isolated and unusual circumstances, the commissary contributes no benefits to the community not otherwise obtainable and is damaging to the community in that it diverts business from normal channels.

The Commissary in Community Development

In presenting these findings, the Administration wants further to clarify its position. A good commissary may be preferable to a grocery store order system incompetently or corruptly administered. The commissary plan should be viewed in perspective. At some time during an economic crisis, the idea of a commissary is likely to be suggested in almost every community. In many places, the commissary may be an improvement over existing store-order methods. But even in such instances, the Administration recommends that a system of cooperative planning with, and free competition among merchants be instituted and that municipalities avoid intermediate improvements over the existing plan, such as the commissary may afford.

FOOD ALLOWANCES

Typical food allowances reported by the commissaries were appraised for the Administration by nutritionists of the State Department of Agriculture Extension Service and the Agricultural Experiment Station. It was found by these experts that,

while the allowances for small families were adequate, the quantity and variety of foods being given to families of five or more persons often were not sufficient to maintain even a minimum degree of activity. (See Table 1)

TABLE 1

ENERGY (FUEL) VALUE OF COMMISSARY FOOD ALLOWANCES
IN TERMS OF CALORIC CONTENT

CALORIES PER FOOD ALLOWANCE FOR FAMILIES OF:

Three Persons Five Persons Seven Persons

Minimum Calories
Required to Maintain
Normal Activities
for One Week as Cal-
culated by U.S. Dept.
of Agriculture:

	<u>44,300</u>	<u>83,000</u>	<u>109,750</u>
Town "A"	48,000	83,500	125,690
" "B"	48,600	70,000	105,000
" "C"	47,000	70,000	96,500
" "D"	50,000	88,000	96,000
" "E"	50,000	71,000	87,000
" "F"	-	-	-
" "G"	43,000	-	-
" "H"	60,000	60,000	-
" "I"	51,700	77,000	82,700
" "J"	47,000	70,000	75,000
" "K"	-	60,000	93,000
" "L"	-	-	-

This means, of course, that relief families must either suffer or obtain additional food from sources other than the commissaries. This difficulty, however, is not exclusively a commissary fault but one which is likely to be encountered wherever inexperienced relief officials underestimate the amount of aid which large families need.

Despite the fact that milk may be purchased at exceedingly low prices, and surplus production is being thrown away, the amount being given is less than the amount needed. Similarly, even when fresh vegetables are easily available and when their cost is as low as canned goods, in most instances the commissaries refuse to stock them because of their perishable nature and because they are difficult to keep in orderly condition.

COMMISSARY COSTS

Costs were studied in the twelve commissaries during a representative month, October, 1932. The records kept do not permit too accurate an analysis. The cost of provisions and the amount of cash payments for salaries and wages could be determined exactly. Expenditures for rent, service, trucking, supplies, etc. could not always be isolated. This is particularly true where the commissaries are located in public buildings or donated quarters where the cost of such items as light, heat and other incidental charges may be concealed in the total cost of operating the premises with no way of allocating a proper share to the commissary. The absence of any item from the reported expenditures does not mean that the service was not rendered or

TABLE 2

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COMPARISON OF COSTS IN NEW JERSEY COMMISSARIES

October, 1932

	<u>Town "A"</u>	<u>Town "B"</u>	<u>Town "C"</u>	<u>Town "D"</u>	<u>Town "E"</u>	<u>Town "F"</u>
Merchandise	\$5,510.60	\$5,914.11	\$4,324.23	\$ 667.33	\$1,959.59	\$2,860.24
Salaries and Wages	150.68	368.94	125.00	96.00	129.00	103.20
Rent	50.00	-	32.50	20.00	25.00	15.00
Freight and Haulage	-	170.40	-	16.08	-	-
Telephone	4.75	-	-	5.49	-	-
Light, Heat and Water	11.68	13.50	8.60	12.02	-	-
Supplies and Equipment	3.94	50.74	-	1.00	16.12	-
Other	<u>20.25</u>	<u>5.00</u>	<u>-</u>	<u>5.40</u>	<u>-</u>	<u>-</u>
Total	\$5,751.90	\$6,522.69	\$4,490.33	\$ 823.32	\$2,129.71	\$2,978.44
Supplementary Relief (Thru Merchants)	<u>730.30</u>	<u>3,168.53</u>	<u>144.00</u>	<u>-</u>	<u>-</u>	<u>-</u>
GRAND TOTAL	\$6,482.20	\$9,691.22	\$4,634.33	\$ 823.32	\$2,129.71	\$2,978.44
Percentage Overhead	3.87%	6.7%	3.72%	23.37%	8.68%	4.13%

that it was without cost. A summary of commissary costs during October, 1932 as revealed by this study, is contained in Table 2.

COMPARISON OF COSTS IN NEW JERSEY COMMISSARIES

October, 1932

	<u>Town "G"</u>	<u>Town "H"</u>	<u>Town "I"</u>	<u>Town "J"</u>	<u>Town "K"</u>	<u>Town "L"</u>
Merchandise	\$1,254.68	\$1,644.10	\$1,647.52	\$3,369.19	\$ 137.19	\$ 127.41
Salaries and Wages	337.98	253.70	29.70	194.86	-	-
Rent	-	-	-	-	-	-
Freight and Haulage	-	-	-	-	-	-
Telephone	6.00	-	-	-	-	-
Light, Heat and Water	-	-	-	-	-	-
Supplies and Equipment	2.25	-	-	-	-	1.00
Other	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3.51</u>	<u>-</u>
Total	\$1,600.91	\$1,897.80	\$1,677.22	\$3,564.05	\$ 140.70	\$ 128.41
Supplementary Relief (Thru Merchants)	<u>20.00</u>	<u>-</u>	<u>125.00</u>	<u>131.59</u>	<u>-</u>	<u>-</u>
GRAND TOTAL	\$1,620.91	\$1,897.80	\$1,802.22	\$2,695.64	\$ 140.70	\$ 128.41
Percentage Overhead	27.2%	15.4%	1.7%	5.57%	2.6%	0.8%

Comparison with Retail Costs

In Table 3, the cost of typical food orders issued by the several commissaries is shown in comparison with the cost of the identical merchandise at prevailing competitive prices.

TABLE 3

COST OF TYPICAL FOOD ORDER AT COMMISSARY
AND AT PREVAILING RETAIL PRICES

(Allowance for One Week for Four Persons excluding Fluid Milk except where noted)

Municipality	Cost of Commissary			Retail Cost	Commissary Economy	
	<u>Food</u>	<u>Overhead</u>	<u>Total</u>		<u>Actual</u>	<u>Percentage</u>
Town "A" (1)	\$5.66	\$.22	\$5.88	\$ 6.27	\$.39	6.2
" " "B" (2)	6.41	.43	6.84	7.37	.53	7.2
" " "C"	2.54	.09	2.63	2.66	.03	1.1
" " "D"	2.98	.70	3.68	3.87	.19	4.9
" " "E"	2.69	.23	2.92	3.28	.36	11.0
" " "F"	2.09	.09	2.18	2.44	.26	10.7
" " "G"	2.43	.66	3.09	2.54 (3)	.55	<u>21.6</u>
" " "H"	2.62	.40	3.02	3.33	.31	9.3
" " "I"	2.27	.04	2.31	2.39	.58	20.0
" " "J"	2.96	.17	3.13	3.46	.33	9.5
" " "K"	2.91	.08	2.99	3.41	.42	12.3
" " "L"	2.23	.02	2.25	2.68	.43	16.0

(1) - One week's allowance for five persons including fluid milk.

(2) - Two week's allowance for four persons.

(3) - Amount in excess of retail cost.

From this table it would appear that in all except one instance there is a saving in the commissary varying from one per cent up to twenty per cent. At this point, advocates of the commissary rest their case. However, detailed study of the itemized orders as reported to us reveals that the claims can be subjected to further interpretation.

Analysis of Reported Savings

In Town "A", the saving may be ascribed to the commissary. The saving indicated in Town "B" may be similarly ascribed. A report from the local authorities in the latter instance would show a larger saving than that indicated here. This is due to the fact that certain economies possible under any relief system were first put in effect here with the installation of the commissary and have been ascribed to the commissary. The relief committee also feels that the basis of comparison should be the independent store prices charged on town poor orders since the town had not dealt previously with chain stores.

The meagre saving in Town "C" might be increased if a more competitive purchasing system were instituted.

Town "D" owes its saving to the fact that it is located in a truck farming area and apples, vegetables, eggs, etc. can be obtained on unusually favorable terms. The actual saving over a store order system is probably slightly less than the table indicates because the retail prices used for comparison were those prevailing over a considerable area. However, local conditions have made these local retail prices on the articles in question slightly lower than in the surrounding area.

In Towns "E," "F" and "H" the savings, all reported at about ten per cent, are mostly due to the fact that the commissaries have handled cheaper grades of merchandise than those on which our retail prices have been based. Merchants have assured us that if a comparable quality of merchandise is specified on relief orders, corresponding reductions in retail prices could be obtained. The commodities affected are coffee, prunes, beans, spaghetti and other similar items. This is likely to be a false economy because many of the items obtained in bulk require added expenditures to make them usable. Tests by home economists have revealed that so-called "quick" oatmeal, costing from three and one-half to five cents per pound, and taking three minutes to cook, is actually more economical than bulk oatmeal costing from one to three cents per pound, but taking from thirty to forty-five minutes to prepare. These tests assume the use of gas as a fuel. If a coal range is used in which a continuous fire is kept, there is no advantage other than convenience in using the "quick" cereal. Small size prunes available at low cost also provide a highly debatable economy because of the larger proportion of inedible material (pits) to the pound.

Town "G" did not look for economy when it established its commissary. Here a substantial premium over retail prices is paid because of the purchasing methods.

In Towns "I" and "L" the saving is due to the elimination of overhead by the donation of space and the use of volunteer labor. It is not expected that this arrangement can be continued indefinitely.

The economy in Towns "J" and "K" is due to local purchases of farm produce. In the case of Town "A" some qualification is necessary. Poultry eggs are purchased from a local poultryman. The cost is low and this clinches the advantage of really fresh eggs. However, these eggs are small, coming from immature birds, and their food value of a dozen of these eggs is about equal to that of nine full sized eggs.

The real economy in most of these towns is seldom more than from five to six per cent and in none of the larger towns is this the case.

The Fallacy of Unit Savings

It should be borne in mind that the saving indicated in this table is not an actual saving in total expenditure to the town but merely a saving per relief unit.

Calculations of costs based upon an economy per relief unit are misleading unless thought is given to the number of relief units required. If in effecting a saving per unit, the number of units is increased, as is the probable effect of the commissary, some of the indicated economy is non-existent.

Waste and Spoilage affect Costs

All the commissaries say that waste and spoilage are negligible. Some commissaries keep detailed perpetual inventories and here the claim is probably justified. Elsewhere, marked differences were discovered when the outgo as calculated on the basis of food allowances distributed was compared with the outgo

as based upon an analysis of inventories. When the latter figure was substantially in excess of the former, the logical conclusion is that there is some seepage or waste not being accounted for. In the reverse instances, the inference is that commissary workers are withholding from clients articles to which their relief orders entitle them. Neither inference is creditable to the commissary.

Labor Policies and Costs

Furthermore, if the commissaries were to pay \$2.50 per day for the services of the men who now perform work in exchange for relief, the entire reported economy of several commissaries would be eliminated. (Table 4) This is not a valid use for such labor. The principle on which the State Emergency Relief Administration permits relief recipients to perform work in return for relief assumes that no projects will be undertaken which deprive men now working of their livelihood. It is obvious that the transfer of the food purchases of from five to twenty per cent of the population from retail grocers to a commissary does tend to curtail employment in retail stores.

TABLE 4

VALUE OF SERVICES CONTRIBUTED
MONTHLY TO COMMISSARIES BY WORK-FOR-RELIEF LABOR

	<u>Men Employed Daily</u>	<u>Total Days</u>	<u>Cost at \$2.50 per Day</u>
Town "A"	2	52	\$ 130.00
" "B"	21	546	1,375.00
" "C"	5-6	22	55.00
" "D"	2	48	120.00
" "E"	6	156	390.00
" "F"	2	52	130.00
" "G"	1	26	65.00
" "H"	0	0	-
" "I"	2	8	20.00
" "J"	2	52	130.00
" "K"	1	4	10.00
" "L"	0	0	-

Conclusion:

Therefore, our conclusion concerning costs is that a properly administered commissary does not appreciably reduce the cost per relief unit and that the total cost to the community is likely to be increased.

THE EFFECT UPON CLIENTS

What happens to the individual receiving relief in commissary towns? Under any relief system, there is a measure

of distress and humiliation. To the average man now applying for relief, the experience undermines his feeling of independence and self-sufficiency, but care and consideration by the relief agency can alleviate much of this distress and can often assist in maintaining self-respect. Under the commissary system, the long waits, the massing of indigents, or the enforced publicizing of a client's indigent state by trading at the commissary cannot but emphasize the condition of dependency and impose needless humiliation and hardship upon the client.

Delivery of Food Orders

When relief is distributed through the commissary, the families are obliged to come to the central station for their food. Even though the commissary be located as centrally as possible, most families find a retail store located more conveniently. Many families live long distances from the commissaries, some being obliged to walk as far as five miles for their supplies. In few commissaries is there any provision made for the delivery of food allowances except to the aged or bedridden and in many places such clients as fall in these categories are expected to make arrangements with friends or neighbors.

A week's supply of food for a family of any size is heavy and far from compact; the supply of one item, - potatoes, often being standardized in thirty pound packages. It is hard for the clients to transport these heavy allowances. A forlorn parade trudges from the busier commissaries. Broken-down baby carriages, push-carts and wheel-barrows are used by the more

fortunate clients. The others struggle as best they can with bulky, clumsy packages.

If the commissary is at all distant from the client's home, this ordeal imposes a cruel health hazard. Many of the clients are receiving relief because of physical defects. Many more are broken down in health because of the strain of continued unemployment. An instance may be cited of a man recently operated upon for hernia, whose former occupation had been sedentary and who was far from strong. He was obliged to walk two miles from his home to the commissary. In carrying home his week's allotment of food, he suffered a recurrence of the rupture. This is an extreme case but none the less it indicates a type of problem which is found to a greater or less degree wherever commissaries exist.

Individualization at Commissaries

The conditions under which even the best commissaries operate seem to tend toward breaking down the initiative and self-respect of the families aided. The commissary in the largest town recognizes this danger and attempts to conduct its operations as nearly like a retail store as possible. A food order issued by the Welfare Department establishes a credit at the commissary. Against this credit, the client may make withdrawals at will until the order has been exhausted or the date of expiration reached. At the time the order is issued, the Welfare Department advises the client how to get the most value for the food order but few restrictions are made at the commissary.

Maxima have been established on such commodities as coffee, sugar and butter. Prices are marked on all merchandise. The Welfare Department checks withdrawals against each relief order. It has been found that most clients use the privilege wisely. Where individual clients make improper selections, or if the entire allowance is not used during the period for which it was issued, further investigation is made immediately. If this investigation reveals a need for closer supervision, this can be personalized and the majority of the clients are not obliged to accept restrictions because of the disability of the few. The economies obtained by this municipality equal those reported by commissaries where more arbitrary policies prevail. Such a system is commendable in theory, but the commissary described above nullifies some of its benefits by stocking a rather meager variety of merchandise. Actually the variety is insufficient to permit any real individualization of choice.

Standardized Methods

At the other extreme is the practice in another large community. Standardized allowances have been planned by a home economist. These allowances, carefully graduated according to size of family, are rigidly adhered to. The client is allowed no choice in the composition of his food allowance, except that "foreign" clients may select either an "American" or an "Italian" ration. The authorities here feel that they are performing an educational function. By conditioning families to eat a standardized well-balanced ration, they hope so to habituate relief

families that when self-sufficiency is regained they will live according to a better standard.

The practices in the other commissaries are largely variants of these two plans, although almost all have some provision for the exchange of unwanted articles.

Relief to fit the Need

There is a certain amount of plausibility in the second plan. It makes a strong appeal to newcomers in the relief field, but we believe such policies to be dangerous and paternalistic. Assuming that a certain number of families will need dietary instruction, it is far better that such instruction be personalized as is done in the first town mentioned. By actual counting of calories, as table 1 indicates, the food allowances selected as typical in the towns where freedom of choice is allowed, are superior in most instances to those where a pre-determined selection is given to all clients.

Tolerance of Initiative

The value of allowing freedom of choice to relief applicants cannot be over-emphasized. If relief is to be effective, individual wishes must be considered. Racial customs and tastes must be recognized. The dietary needs of children are considerably different from those of adults. The requirements of children under two years of age are based upon the rate of growth and the general condition of the individual child. Food allowances in families where there are young children cannot safely be generalized. Furthermore, we feel that the families who come to us for

aid have had enough restrictions imposed upon them in the process of establishing their eligibility for relief. To deprive these people of the elementary right of choosing what they want to eat and where they may buy it is an arbitrary exercise of authority for which there is no just reason. Apart from the ethical basis for this position, such policies are not economically justifiable. Standardization tends to intensify the client's feeling of dependency and the resultant breakdown in morale may prolong the relief period and increase total relief costs.

Effects Upon the Community

It is difficult to trace the effects of the commissary upon the economic life of the community unless a trained observer is continuously at work there over a period of months. However, in one of the smaller municipalities where the commissary was studied an incident occurred which may be significant. A popular retail store was obliged to close because of inability to collect from its debtors. If this merchant had had some assured volume of cash business, the wholesalers assure us they would have carried him for a much longer period. The filling of even a small number of relief orders at this store would have provided a basis for such additional credit. The proprietor would have kept in touch with his former customers and perhaps the closing might have been avoided. When the store closed, there was a strain on the bank in town. Mortgage interest and principal payments on the store building and on the proprietors' residence are none too secure. Taxes will not be paid on time on either

property. A number of families to whom this merchant had been extending credit exhausted their resources in closing their accounts or were unable to close their accounts and have been obliged to seek relief.

The closing of this store which in times past had been largely patronized by families now receiving relief from the commissary can be ascribed in large part to the operation of the commissary. Thus the community from its effort at economy has lost the active participation in public affairs of a merchant with whom a considerable portion of the people preferred to deal, the relief load has been increased, the credit structure of the community weakened, and the tax receipts definitely affected.

It is not often that such a clear-cut illustration can be found. Oftentimes the significance of such happenings is overlooked in local enthusiasm over the apparent advantages obtained from wholesale buying. The President of the Welfare Federation of Canton, Ohio, writing in the SURVEY, makes the statement that "We are under no obligation to provide the grocer with customers any more than we are to provide the furniture dealer, the jeweler or the clothier with customers" but overlooks, entirely the fact that the store order plan does not provide the merchant with customers but merely allows him to retain them when their support is most needed.

The Relief Administration is justly suspicious of relief methods which may so vitally affect local trade.

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Competent Administration the Road to Economy

The best guarantee of economical distribution of relief is to have competent administration at the focal point - where decisions are made as to who will or will not be given relief. Far more relief funds are wasted on families not actually in need because of inadequate investigation than because of fraud or because retail rather than wholesale prices are paid.

If relief administrators will make intelligent investigations to determine the extent of need and the degree to which this need may be met by unrealized or latent family resources, such applicants for relief will be weeded out before relief is extended. When relief is genuinely needed, it has been the experience of relief workers, not only during the depression but in previous years, that the families to whom aid is given make every possible effort to utilize the assistance as wisely as possible and that they deserve the privilege of trading where a wide selection from a good quality of sensible foods can be made.

Furthermore, questionable dealing or profiteering among the merchants is not prevalent. Merchants are generally willing to meet the Administration's need to make possible economies comparable to those expected from the commissary, and at the same time, permit the merchant to make a small legitimate profit and maintain his credit standing and his relations with his customers.

Proper administrative safeguards, kindly but discriminating relief supervision, constant alertness and understanding in all phases of its relations with clients, merchants, and the

community, will enable the Emergency Relief Administration to render better service to the State than would result from the pennywise policy of establishing commissaries, thus putting the State into direct competition with the citizens from whom its revenue must come.



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