

Twitter Thread by Paul Mason



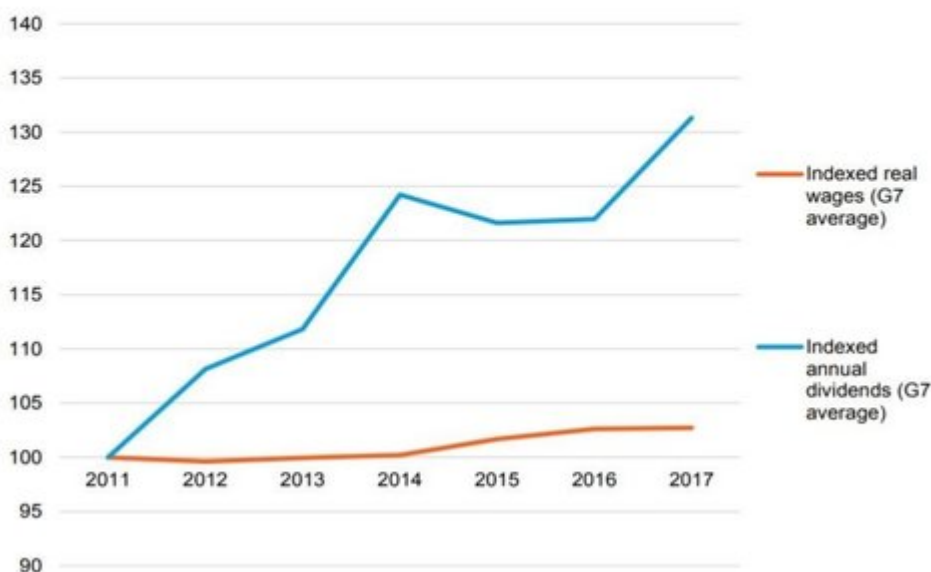
Paul Mason

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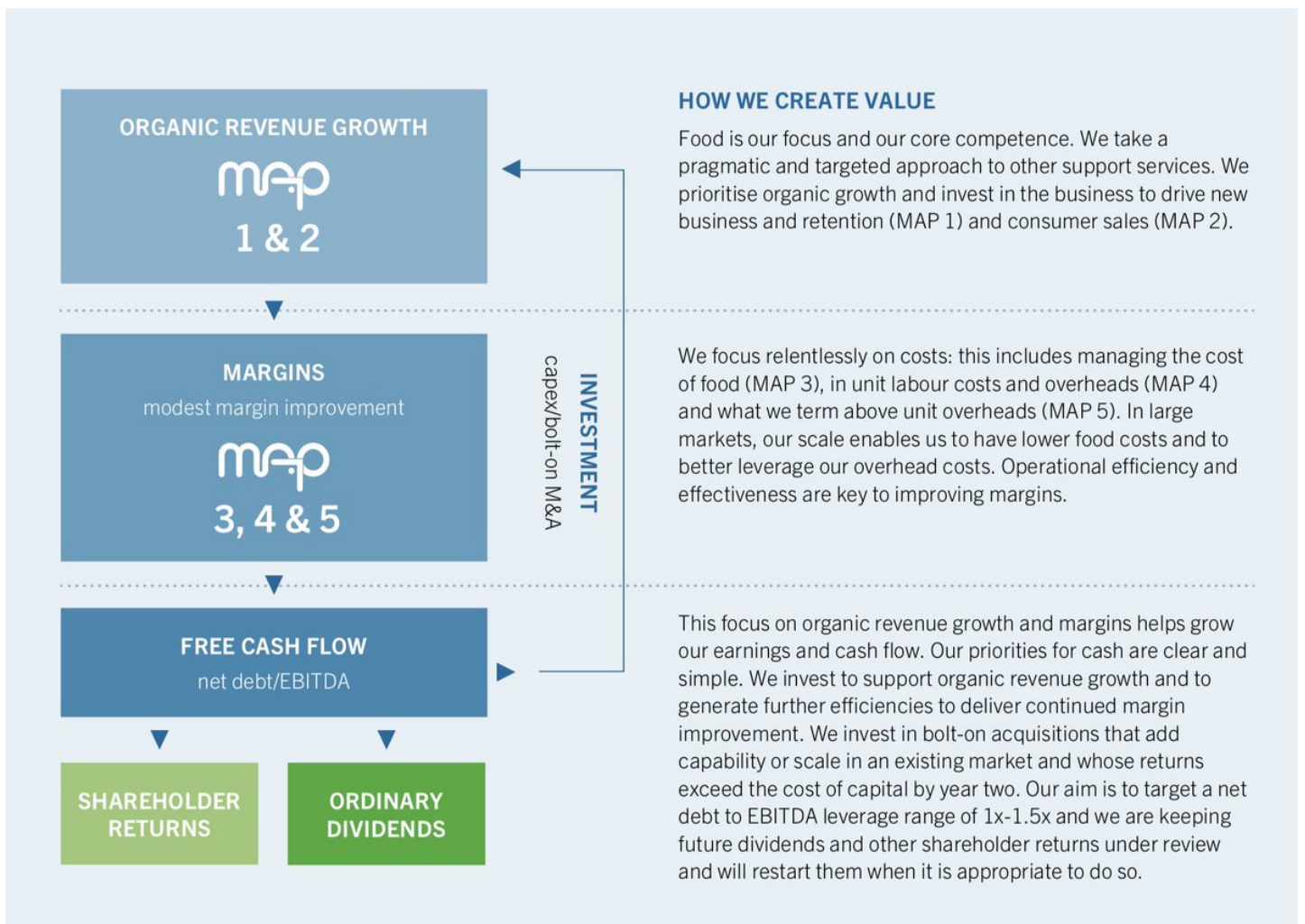
The Chartwells/Compass free school meals package scandal is a teachable moment about capitalism. 1/ Why do so many families need free school meals? Because real wages have stagnated while profits soared...

Figure 4: Rising returns to wealthy shareholders and stagnant wages in G7 countries, 2011 to 2017⁴³



2/ Why packages and not vouchers? Because the big outsourcers like Compass *lobbied the government* against vouchers, claiming they could use their scale to provide cheaper food...

3/ Here's the business model in a single graphic. Buy food as cheap as possible. Achieve growth by replacing/acquiring smaller, higher-quality providers, hire the cheapest possible labour...("we focus relentlessly on costs")... but it's not done to make huge bottom line profits

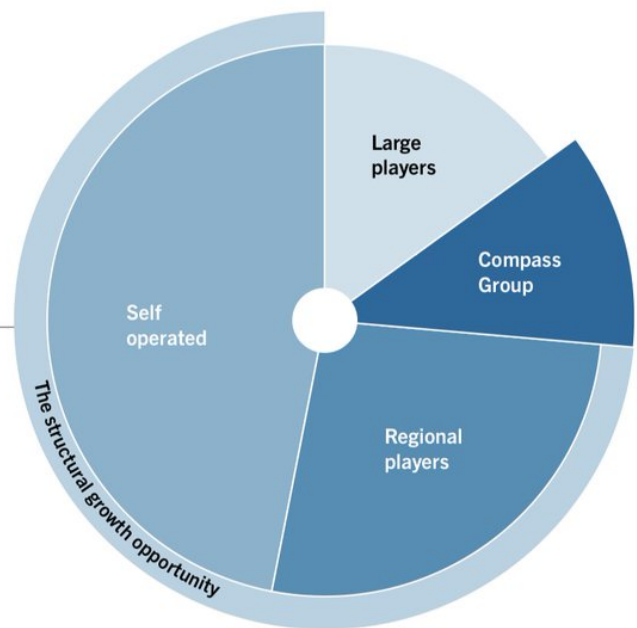


4/ If you look at a normal year, Compass and other big outsourcers make relatively meagre profits... they grow, and drive dividends, by acquisition - not by innovation... (except in ways to cut costs)...

Significant structural growth opportunity

GLOBAL FOOD SERVICES MARKET PRE COVID-19 C. £220BN

Numbers relating to market size and penetration rates are based on management estimates and a range of external data.



5/ Businesses like this were created by the state. They're not the product of the market, or consumer choice, but of regulation. They survive on wafer thin margins because that's how the govt structured the market...

6/ So it's not corruption - except in the moral sense - that leeches most of the value of the food away from the poor families who have to live on it... it's "operating costs"... the CSR department, the glossy annual report, the lobbying, exec salaries etc...

7/ How do you turn £30 worth of food into seven quid's worth? It's capitalism. It's an institution called a corporation. It's the state that regulates to eviscerate small, well-run businesses and replace them with faceless outsourcers... it's called neoliberalism... but wait...

8/ Who owns Compass? The global middle class and the super-rich, through these lovely bespoke, boutique (add other adjectives) investment managers... it's to them that the £1.6bn a year operating profit flows (in a good year)...



9/ The managers and execs of these firms are trapped in the same system as the victims of the gross rip-offs at the bottom (though they have a better deal) ... it's the system and its design that incentivises cost-cutting, and a race to the bottom...

10./ What if we designed school meals provision on human scale? Do we have a model? I do - in my memory! Good, locally produced food, so good people look forward to it...

11/ Free school meals should be a universal basic service. Produced and sourced locally, with decent wages and the best quality produce, with a fair deal for the farmer and nothing to the middleman, aka the capitalist...

12/ They would cost more to produce. But the efficiencies and scale could be even bigger - despite the fragmented nature of many co-ops and SMEs providing: because the state would foster co-operation, not competition...

13/ Capitalism makes us look at that rip-off box of veg, beans and bananas and say: if only they'd delivered value for money. I want value for people, not value for money.