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THE GERMAN AGRICULTURAL SITUATION

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JUST TWENTY years ago I delivered my first and, up to the present day, my last speech in the English language, at the Union Society of Cambridge University. The subject of that debate was purely political, concerning especially foreign affairs. Today I have the honor to give you a report on the present agricultural situation of Germany. Unfortunately questions of a political character cannot be totally neglected when treating this subject. But you may be sure that I am not going to deal with politics just as politics, and disturb the spirit of this Conference. It is merely the sincere endeavor to give a true and all round idea of the economic situation and of its causes, which compells me to mention all important factors which have contributed to bring about the present unsatisfactory state of things.

The causes responsible for the situation are of domestic as well as international origin. To a great deal, the situation is determined by the international conditions which have been explained in the address of Professor Sering. But besides these, there are some important peculiarities upon which I shall have to lay special stress. They are partly strengthening and partly counteracting the international influences upon German agriculture.

The peculiarities of the situation in Germany may be summarized as follows:

1. The World War gave to German agriculture a check which was much more severe than in any other belligerent or neutral country except Russia.
2. The period of inflation delayed recovery and inflicted new damage upon the agricultural, as well as on other classes.
3. The reparation payments were to a large degree borne ultimately by the agricultural population as being the weakest and the least organized partner in economic competition.

During the last pre-war years German farmers experienced extraordinarily prosperous days, for the general rise of agricultural prices on the world market was supported after 1906 by a tariff reform. In 1913 which brought a record crop, the German farmers had available for savings substantially more than one billion

marks. The particulars may be seen from the figures in table 1. They show that in 1913 about 6.25 billions of marks remained at the disposal of the farmers and their families, or approximately 550 marks (\$130) per head. This figure is not particularly high, but the modest standard of living which prevails among our rural population allowed it to subsist upon an average income of about 400 marks (\$95) per person. Thus more than one billion of marks were available for savings.

Table 1. Receipts and Expenses of the Agriculture of Germany
(Billions of marks)

	1913		Average 1924-1927
	Old territory	Present territory	
Income:			
Crops	4.70	4.00	4.30
Animal produce	8.60	7.50	8.40
Total income	13.30	11.50	12.70
Expenses:			
Manures, feedstuffs, machinery, buildings, and so forth	3.70	3.20	3.20
Taxes	0.25	0.20	0.80
Interest to creditors	0.70	0.60	0.80
Rents to land owners	0.50	0.40	0.40
Total expenses	5.15	4.40	5.20
Income less expense	8.15	7.10	7.50
Wages paid to laborers	1.90	1.60	2.10
Amount at disposal of farmers	6.25	5.50	5.40
Amount per capita at disposal of farmers	550 marks		540 marks
Per capita costs of subsistence	400 marks		600 marks

During the war, there was a shortage of hands and draught-horses. Soon the blockade caused also a shortage of feeding-stuffs; the numbers of livestock were reduced by one-third and even more, the quality of animals went down, the land could not get sufficient manures, nitrogen was needed chiefly for the army, and all lines of agricultural production were decreased enormously. Even in 1924 the quantities of many crops sold by farmers, as well as milk and hogs, were one-third less than in 1913.

At the same time the inflation had deprived our farmers of an important portion of their property. All government loans, bank

credits, and so forth, were practically abolished. Moreover, within the sphere of agriculture, investments had been made which turned out to be failures under a stabilized currency. Towards the end of 1923 when this stabilization took place the German farmers had in hand the bulk of their crop, and the pre-war debts had become insignificant. But the farms were far from having preserved their old efficiency. High taxes were raised no matter whether the farmer had gained or lost, exceeding the pre-war level by some 400 per cent and simultaneously the international depression of agricultural prices made itself felt. Consequently as early as July 1, 1924, German agriculture had contracted anew a burdensome debt amounting to an average of about 150 marks per hectare on book-keeping farms. These figures have been published by the Enquete Commission which is investigating our economic situation. By the beginning of 1930 the debts pressing on German agriculture had risen to over 12 billions of marks. Only one quarter of this sum consists of pre-war debts which were partly revived by legislation in 1925. The progress of indebtedness has become slower during the years 1926-1929, and considerable sums again have been entrusted to saving banks and to cooperative societies. However, indebtedness continues to increase, and the last year's downfall of prices brought new complications.

Whoever became indebted, had to carry the burden of exceedingly high rates of interest which amounted to 20 or even 30 per cent in 1924. Since that time, interest rates have never gone substantially below 10 per cent for long time loans.

During the three years dating from July 1, 1924 to June 30, 1927, the German farmers had, as you see from the figures in table 1, 5.4 billions of marks at their disposal, or 540 marks per head.

As the prices of all commodities had arisen about 50 per cent over the pre-war level, 600 marks are indispensable now for the subsistence of a person. Consequently some 600 millions of marks had to be borrowed every year simply to keep the rural population alive. Other credits were needed to restore the efficiency of farms and to endow children leaving the rural home. Thus the whole debt was augmented approximately by one billion of marks yearly.

By 1928 the former efficiency of farms in Germany had been regained. Agricultural production was no longer lagging behind the pre-war level, and thus one important source of losses had been obliterated. But a sum of 1.2 billions of marks yearly is to be

paid instead, to the creditors, and the present depression on prices makes this burden all the heavier.

Prices rose in favour of the farmer in Germany as well as beyond her borders after 1924. The highest point was reached in 1927. In that year the index, in per cent of 1913, was as shown in table 2. The wholesale prices of all commodities had exactly the same index as that of all farm products in 1927. Only industrial consumers' goods were on a level of 160. But ever since that time prices have gone against the farmers' interests, and in April, 1930, the index of all farm products had gone down to 112 while in-

Table 2. Index of Prices in Germany
1913=100

	1925	1927	April 1930
Cereals and vegetables.....	127	154	118
Animals.....	120	112	113
Animal products.....	162	143	110
Feedstuffs.....	122	146	99
All farm products.....	133	138	112
Industrial consumers' goods.....	172	160	162
Index of all commodities.....	142	138	127

dustrial consumers' goods were still at 162 and the index of all commodities at 127. The present state is almost the same as it was in April, 1930.

This low level of agricultural prices could not be prevented by all sorts of customs and tariffs, although they have been exalted again and again since 1925. Contrary to pre-war days, the customs have proved unable to make the domestic prices surpass those of foreign produce by the whole amount of the duty.

This fact stands in close connection with the general situation of economic life in Germany, especially with the high rate of interest. The rate of interest, however, expresses the shortage of capital and the insecurity of economic as well as political conditions. It is the inevitable consequence of the tributes Germany has to pay.

On the whole, if we consider the situation of agriculture in Germany and if we follow its causes, we always meet with the so-called reparation problem. The payments which are to be made to foreign creditors have made necessary the high taxes, and it was

the taxation which gave the first impulse to the debts contracted since 1924. But immediately another consequence made itself severely felt, namely, the high rate of interest. It is almost impossible to attain a satisfactory situation in agriculture so long as the rate of interest cannot be adapted to the conditions of farming, which do not by any means permit of making earnings of something like 10 per cent. Prices are also sensibly influenced by foreign debts, for the purchasing power of consumers is constantly curtailed and the railway freights must be kept high enough to fulfill the obligations laid upon the German railways.

So far, I have given a general survey of the situation of agriculture in Germany. Of course the conditions are not everywhere exactly the same. There are, no doubt, not a few cases of mismanagement. Insufficient consideration of the changed economic circumstances has also caused serious difficulties in some instances. However, it would be wrong to give too much weight to these cases which are certainly not to be regarded as peculiarly German.

There are also differences in different regions of Germany as well as on holdings of different sizes. Roughly speaking, we can say that the situation is worst of all in the eastern parts of the country where large farms with an average size of about 1,000 acres occupy 40 per cent of the agricultural area, and where the sale of rye and potatoes is of special importance. In addition, the provinces neighboring the present frontier are suffering severely from the losses of markets, as their former buyers have been separated from them by an insurmountable wall of tariffs and other impediments. Moreover, the larger holdings employing dozens of paid laborers could not meet the arising difficulties by cutting down the standard of living. This is the way in which the great masses of small peasant farmers have so far kept their ground. Such small holdings of from 20 to 40 acres are to be found everywhere in Germany. They are of overwhelming importance in the southwestern parts. Their chief sources of income are from the sale of hogs and milk, but natural conditions do not allow them to refrain totally from crop production and especially from grain production. In some parts of the country cabbage or other vegetables, fruits, and wine are chiefly produced by this class of farmers.

Farms of a medium size, from 40 to 200 acres, are predominant in the northwest, the middle, and the southeast of Germany. One

of their greatest difficulties is to get sufficient hands for agricultural work. Even the great unemployment of the last months has not yet perfectly done away with this distress, although the wages paid to unmarried laborers on these farms are not low when compared with town conditions in Germany (500 to 600 marks a year besides free lodgings and free food). Moreover, these farms have not yet achieved all the technical advantages a great holding can afford, nor will a reduction of personal expenses give them sufficient relief. But their position is nevertheless comparatively satisfactory where the market conditions are favorable, as for example, in the neighborhood of the Ruhr basin or in the industrialized parts of Saxony.

In all parts of the country there are still to be found farmers, large as well as small, who are doing well, for different reasons. But as a whole the situation is grave and full of dangers. Of the large holdings in eastern Germany, an alarming number has already succumbed to foreclosure and forced sale. Many others are indebted to a degree which leaves hardly any hope. In wide districts there is absolutely no demand for large farms. If they are not wanted for the laying out of small holdings, which is supported by financial assistance of the government, they are practically unsaleable:

In the middle, the west, and the south of Germany, where smaller holdings prevail and the natural, as well as the market conditions are as a whole more favorable, the crisis has not yet reached such a high degree. But the life on peasant farms is full of earnest sorrow and bitter privation. So far, they have held their own by extending the day's work and by refraining from all dispensable expenses. But this cannot last forever. The peasants' wives on whose shoulders lies a good deal of the farm work and especially of the dairy work, are especially hard hit, and in some parts of the country the smaller farmers have already great difficulty in finding apt wives. The dangers of the situation are to be felt with plain vigor in the case of inheritance or when an old farmer is willing to hand over his property to his children. These problems are fundamental for rural life in Germany, which is based upon the fact that the peasant families, as well as larger owners, are sticking to their land for sentimental reasons, as long as circumstances will permit, regardless of whether or not higher profits can be earned elsewhere. There are many thousands of farms which have been owned for

centuries by the families occupying them at present, and a sale, except between members of the family, does not take place but under the pressure of distress.

In Seligman's book "The Economics of Farm Relief", I read that for the United States the question is as to whether the inferiority of the farm to the factory, of agriculture to industry, shall be permanent. Methods are discussed of preventing the replacement of the American farmer, who has the highest standard of living which has ever been secured by a tiller of the soil, by a low-standard cultivator of the sort of the European continental peasant. For us in Germany the problem is as to whether our peasants can be preserved from a pauperism which threatens to make them almost slaves to their creditors and to the tax collector, and to ruin the foundations of rural as well as of national life.

What are the prospects for the future? The great depression of the '80's and '90's caused German farmers serious difficulty but it did not lead to a catastrophe. It was not merely protection which prevented the worst; farmers helped themselves in a manner which was probably more efficient than anything the government could do for them. The yield per acre was increased by 40 per cent, the acreages of grain and roots were extended, the number of cattle rose by 20 per cent, the number of hogs was doubled, and the qualities of animals as well as of crops were improved. It was an intensification combined with rationalization, and the intensification turned out to be successful because German industry was growing and flourishing.

It was practically the same way that German farmers have tried to go since 1924. The pre-war level of agricultural production was regained in a comparatively short period. In all branches of agricultural life, work is going on with an energy as never before. But the results do not correspond to the efforts. The burden of debts continues to grow. Bitterness and despair begin to gain ground. There are, no doubt, possibilities of increasing the efficiency of farm work and thus lowering the costs of production, especially on the small peasant farms. But the realization takes either much time or a great outlay of capital, or both of them are needed. Capital is too expensive, and help is wanted immediately. There are still wide areas of heath and moorland which cannot be cultivated because of the shortage of capital. There is a great need of good drainages which cannot be built for the same reason.

Amelioration schemes can be performed only on a very modest scale within the reach of existing farms. The laying out of small holdings in the eastern provinces helps to make use of the area of the large farms which have collapsed recently, but it does not give a sufficiently vigorous impulse to economic life as long as its possibilities are so very narrowly limited. The chief reason again lies in the lack of capital.

Of course, there are ways of helping the farmers which could be followed successfully even now. A better organization of marketing is one of them. But the relief it can bring will never be decisive as long as the high burdens of taxes and interest are constantly compelling the farmer to sell, and thus prevent an orderly marketing. Besides, agricultural prices cannot reach a satisfactory level when the purchasing power of the whole population is cut down every year by the amount of about three billions of marks going to foreign creditors, political as well as private.

If things remain unchanged, the German farmers will be compelled to lower their standard of living more and more. That will mean a new pressure on agricultural prices as well as on the purchasing power of the urban population in Germany, and this pressure will no doubt be felt far beyond her boundaries. Furthermore, if the pauperization goes on as it did, the old strength of our rural families may break down and the social as well as the economic foundations will be in danger. The German farmers are not inclined to give way unresistingly. On the contrary, they are doubling their efforts in order to hold their own. But the question is whether they will be able to maintain their economic and social position. As long as the political problems and especially the so-called reparation problem are not solved in a reasonable way, human mind cannot see any hope to answer this question in the affirmative.

Agriculture. Learn about German asparagus farming. Overview of asparagus farming in Germany. The change in western Germany is reflective of a rationalization of agriculture, with many small landholders leaving farming and the remaining farms often increasing in size. The larger farms in the west are mainly concentrated in Schleswig-Holstein and eastern Lower Saxony, with smaller groupings in Westphalia, the lowland west of Cologne, and southern Bavaria. The German Agricultural Situation. + Citations at Google Scholar by the title. author-name. von Dietze, C. no relationship research usage personal opinion research material components proposals and assistance relationship between researchs from collections to provider from research output to authors from collections from organizations to the person from people to their workplace from authors to their papers from new versions from citing materials to papers from relative object from materials to the organization. Germany. 3.2. AGRICULTURE: FINANCIAL ASPECTS Distribution of direct aids to the producers. Size-class of aid (all direct payments). < 0, 0 and < 500, 500 and < 1 250, 1 250 and < 2 000, 2 000 and < 5 000, 5 000 and < 10 000, 10 000 and < 20 000, 20 000 and < 50 000, 50 000 and < 100 000, 100 000 and < 150 000. Payments. 5. Germany. 4.1. agriculture: economic accounts. Agricultural output.