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Germany War Food Administration

GERMANY EXPERIENCE OF WAR FOOD
ADMINISTRATION

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THE question of the limits of planning was heard in the papers and reports read to-day by the representatives of several countries. The question sounded urgent and full of anxiety. In Germany we have an example which shows up these limits especially clearly, because they clashed with hard reality.

The organization of food supplies during the war is a classic example of a forcibly controlled, if not planned, economy. Allow me to say a word about the experiences we gained—a word of personal experience. I was called upon—I might almost say condemned—to work on these thankless problems, at first as manager of a provincial organization, afterwards in the central administration. I must own that I was often in opposition to the ruling opinions.

I will try to give an unbiased picture of the organization of food supplies during the war. I do not draw conclusions and analogies to the present situation. They will, I believe, become self-apparent. But one thing must be kept in mind: A controlled economy is not the same as a planned economy. We shall see that it can be very much the opposite. But a planned economy is a controlled economy in so far as it implies in its very idea the submission of the will of the individual to the will of the whole. If the experience of a controlled economy as such is consequently valid for a planned economy, it would nevertheless be a fundamental error to apply the experience made in war-time directly to peace conditions. The aims and the requirements of war-time food administration were other than those of measures against the present crisis. The market for agricultural products which presents the essential problem in the agricultural crisis was then only too well assured. The question was how to manage with an insufficient quantity of food supplies. The war-time food administration had as its main task the distribution, division, and apportionment of what was available. It had to see that every one received daily as nearly an equal share as possible of the total supply at prices within his means.

How great the quantity was, which was lacking and had to be done without, is made clear by the figures for pre-war imports.

Germany imported on an average during the last five years prior to the war—only to mention the most important foods:

Grain for bread (including flour) . . .	1.23 million tons.
Grain for fodder (including barley, oat, maize meal)	4.03 million tons.
Plant and animal fats	0.53 and 0.27, together 0.80 million tons.

If we take a correct estimate of the home harvests—which, as is known, were always over-estimated by 15 per cent.—9 per cent. of the total supply of grain for food, 30 per cent. of grain for fodder, more than 40 per cent. of fats (more than three-quarters of which served as food) were imported from abroad.

This importation was more and more, and finally as good as completely, cut off by the blockade. The home production decreased also as a result of war conditions. Losses through enemy invasion remained within bearable limits and were fully compensated for by supplies from occupied enemy territories, even if these for obvious reasons did not come up to expectations. On the other hand, agriculture suffered severely from the lack of artificial manures—the import of which was replaced only to a very small degree by the home nitrogen and phosphate products—and above all, as a result of the conscription of men and horses for war-service, in spite of help from prisoners-of-war, from the lack of draught-animals, workers, and experienced farm managers. The control of the national economy also injured agricultural production considerably: by the mere removal of freedom of action itself, by seizure and distraint measures, even more by actual intervention in the means of production, and worst of all by the withdrawal of cattle-fodder and by the slaughtering of cattle for meat supplies, which meant a severe decline in milk, manure, and tractive power.

In the course of the war from 1914 to 1918 there was a decline in:

Harvests—of rye from 20.82 to 16.00 million cwt.
of wheat from 7.94 to 4.92 million cwt.
of potatoes from 91.14 to 58.94 million cwt.
Live stock—cattle from 21.83 to 17.65 millions.
pigs from 25.34 to 10.27 millions.

If the increased demands for supplies for the army and the consumption of sugar and alcohol by the armaments industry are also taken into account, there is evidence of a grave decline in foodstuffs for the population.

Neither the general public nor the experts were conscious of the seriousness of this situation at the beginning of the war; nor were the responsible authorities very conscious of its difficulty. Officials had indeed long been appointed to deal with the food problem in

the case of a possible war and had prepared measures to offset an expected shortage of food supplies. But the extent of this shortage was not realized. The home production was over-estimated, as a result of the error in our statistics which I have already mentioned, and it was thought that we had abundant supplies, and no one was willing to believe in the possibility of our imports being completely cut off. Above all, there was the dogma that the modern war cannot be of long duration. At first, then, no one thought of the public regulation of food supplies. Also, when that proved necessary, it was only with hesitation and reluctance and then step by step that it was decided under the pressure of necessity and of public opinion that the state should intervene.

In the first months the government confined itself to public warnings of thrift and moderation, and to suggestions for the spreading-out of food supplies and for substitutes. In addition to this the local authorities began to provide for supplies of grain for bread. Delivery-contracts were signed between the big towns and the country co-operative societies.

In the Potsdam area, for example, to which about half of Greater Berlin still belonged then, regular deliveries were arranged from certain country districts to the separate suburban districts. The Berlin suburbs were in this way well provided with grain for bread during the first winter of the war. The same deliveries were also being assured to them for the future, when the organization was destroyed through the centralization of the grain market in the Imperial Grain Office. As *Regierungspräsident* (President of the Council) of Potsdam, I resisted strongly but in vain the destruction of an arrangement which had proved so sound, in that I pointed out the advantages of such local delivery connexions and the possibility of building up the supply system for the whole Empire on them. Also later, similar proposals for the decentralization of the grain market made by agricultural interests had no success, until after the war a return was made to the system of grain-delivery contracts in the building up of a controlled economy.

In the autumn of the first year of the war, when the disturbances in the food market, especially rises in prices, began to become critical, it was at first attempted to offset them by fixing a maximum limit for prices, which was applied—in accordance with an Emergency Powers Act passed at the beginning of the war—at first to the individual local societies according to need and discretion, and then by the Maximum Price Decree of the Federal Council of October 25, 1914, to the whole Empire. For a short time the regulation of prices

seemed to have its effect. But very soon it became clear, and this was continuously substantiated in the experience of the whole war-time economy, that intervention in price-fixation drove commodities from the market. It necessitated further interventions, namely, rationing, and for its execution state management and distribution of the available supplies.

A beginning was made with the grain for bread. By a decree of January 25, 1915, bread cards were introduced and an Imperial Grain Office set up. But by reason of the possibility of substituting different foods and fodders for one another and of the reciprocal effects of their markets on one another, such a regulation could not be limited to one foodstuff, without making pressure and price disturbances worse in the markets of the others. After a short time fodder-grains had also to be taken under control. Gradually all foodstuffs were brought under similar control. Towards the end of the war, everything eatable for man and beast, with unimportant exceptions, was controlled by about forty boards and societies, under the general direction of the War Food Office. Each German received only those things to eat—when he received them at all—which were specified on his food-card, in so far as he did not benefit by illicit trading, which dangerously increased in equal measure to the suppression of free trading through control of the national economy.

That is the picture of the German war-time food market brought down to the simplest formula of a common denominator. The seizure and distribution of all foodstuffs in any way important exhausts it. What happened alongside of it was either a means for this purpose, or of inferior significance. In the first place come the continuous prohibitions concerning the feeding of animals, involving almost the starvation of draught-cattle; in the second place the measures for the spreading-out of supplies (directions for grinding flour and for baking, the order for the use of potato bread, which was soon recalled, the appointment of days when no meat was to be eaten), the regulation of the trade in substitute foods, measures against profiteers, and the keeping back of supplies and secret trading, the arrangement of communal meals, special assignments for people with heavy work, &c. There were few attempts—and this was a constant complaint of farmers—to affect production, to extend it, and to give it a direction. The extension of the area of cultivation soon proved to be inadvisable, because man-power and manure-supplies did not even suffice for the proper care of the land already under cultivation. The growth of special produce could also only be extended at the cost of other produce. Nevertheless, in view

of the especially serious lack of fats, the cultivation of oil-seeds (rape and flax—the latter also necessary for weaving), which up till the war had heavily declined in Germany, was encouraged by the guarantee of advantageous prices, by assignment of artificial manures, and by an assurance of oil and oil-cake supplies in return, with the successful result that the area of cultivation and the harvests increased many times over. It was thought at first that the production of sugar, on the other hand, which had been in peace-time to the extent of 40 per cent. for export, ought to be limited in favour of grain-cultivation. In the spring of 1915 the area for beet-sowing was ordered to be limited by 25 per cent.—in the occupied territories it was forbidden entirely—and at the same time the available sugar supplies were given for fodder after being suitably denatured. Soon after, as a result of the far greater decline in cultivation and yields, and when the requirements of the munition factories came as an additional demand, the surplus turned into a severe shortage.

The cultivation of vegetables was furthered by the large towns by means of delivery-contracts coupled with a guarantee of the manure arising from their refuse. Later, at the instigation of the Prussian Ministry of Agriculture, contracts for fattening cattle were made with the agricultural co-operative societies in return for the assignment of fodder-stuffs. These delivery connexions between town and country, which had been attempted and prepared for already under peace conditions, worked advantageously, but in the general need they were only a drop in the ocean.

The decreed limitation of pig stocks, the so-called *Schweinemord* (pig-murder), in the first winter of the war is a chapter in itself. The physiologists had calculated that the meat and the fat of pigs ready for slaughter contain fewer calories than do the potatoes and grain required for their fattening. They taught that it would be more economic to devote these foodstuffs directly to human nourishment rather than via the pig's stomach. Thus the limitation and indeed the cessation of pig-breeding was passionately demanded by the public, and it was arraigned as a waste of foodstuffs. Those politicians who busied themselves with dietetics forgot that pigs feed for the most part on refuse and other stuffs which cannot be used otherwise. Nevertheless it was already realized in peace-time that the many and large piggeries, which were run on an industrial basis in the hinterland of the North Sea ports with imported barley, could not be kept up in time of war. The cattle census in the summer of 1914 had shown a stock of pigs greater than ever before, and $3\frac{1}{2}$ millions more than in the previous year. When, further, the grain

stocks were surveyed on December 1, 1914, and shown to be unsatisfactory, it was impossible not to be alarmed, lest the fattening of all these pigs, at that time especially profitable, should make too great inroads upon the potato and grain stocks and endanger the spring supplies. This anxiety and the general agitation caused the government to enforce a certain diminution of pig stocks. At the beginning of 1915 the larger agricultural co-operative societies were required to lay in stores of preserved meats and received for this purpose the power to expropriate pigs. After the unfavourable survey of potato stocks of March 15, 1915, this compulsory slaughtering was extended till April 15. Up till that date pig stocks were diminished by 9 millions, or 35 per cent. With the young pigs reckoned in, 13 to 14 millions had to be slaughtered, $1\frac{1}{2}$ to 2 millions more than in other winters. This extra number consisted for the most part naturally of animals not ready for slaughter, whose meat proved largely unsuitable for the production of preserved goods. Considerable quantities are said to have been spoiled. In any case much meat was wasted which later was wanted. And when the potato-pits were opened, this additional slaughter proved to have been unnecessary, for there was until the next harvest a surplus rather than a shortage.

The method of control in the case of grain, the most important of the cultivated foodstuffs, was not only the first to be developed but was the most perfected and proportionately the most successful. The grain industry in Prussia was already in November 1914 prepared for this, by the formation of the War Grain Company, which as a public utility company with state participation had the task of buying rye in the open market and of storing it up to assure the public of food during the next spring. When, then, at the beginning of 1915, public control was decided upon, this company, which meanwhile had built up in the country an organization for purchasing, storing, and grinding, was able to take over as the business department of the Imperial Grain Office all the latter's business functions. It was extended, but retained its character as a mixed economic undertaking. The administrative department connected with it by personal union, an authority in accordance with public law, had the task of carrying out the regulations decreed especially for the purchase of grain from the producer.

The co-operative societies were organs for this purpose, and the whole harvest was regarded as sequestered in their favour. Everything which exceeded the needs of the producer himself—which were scantily measured, though a little better than for other consumers—had to be delivered up to the co-operative societies on demand.

Each of these retained as a rule the share due to the inhabitants of its district, for control and distribution by itself. The remainder had to be given up to any society needing it on instruction from the Imperial Grain Office, and this society distributed in the same manner to each consumer, via miller and baker, the share due to him according to his bread-card. The mills were confined to working for fixed payments. The baker had to show the bread-card slips as a proof of the use of flour in accordance with the regulations, in order to receive new flour. Thus the ring was complete.

If one is to appreciate the greatness of an undertaking, such as had never before been attempted, and its extremely complicated conditions, it ought to be recognized that it was in all essentials carried out according to plan. The provision of bread was carried out almost everywhere throughout the whole war without any disturbance worthy of mention. The daily ration, which at the beginning was already scantily enough measured at 225 gr. (about 7 oz.), had indeed to be reduced soon to 200 gr. (about $6\frac{1}{2}$ oz.), and later at times to 160 gr. (about 5 oz.), the monthly ration of the producer from 9 kg. (about 19 lb.) to $6\frac{1}{2}$ kg. (about 14 lb.). At the same time the delivery of supplies by the farmers was demanded in greater quantities than could be subtracted from their own needs without serious harm. With the regulation quantity left to them—for example, $1\frac{1}{2}$ kg. (about 3 lb.) oats per horse per day—the draught-animals could hardly be kept alive, much less in a strong condition. In addition the farm economy was severely disturbed by sequestration, supervision, and embargo measures. This supervision was intensified year by year under the pressure of necessity and of public opinion, which did not tire of accusing the farmer of keeping back supplies and which demanded continuously and heatedly complete seizure of crops. Finally, it was attempted to take grain direct from the threshing-machine after accelerated threshing. It was all in vain. The seized harvests declined in the last year of the war by 1.37 million tons of grain for bread and by almost 3 million tons of grain for fodder, that is, by 14.2 and 36.4 per cent., a decline which cannot be completely explained by the smaller yield of the last war-harvest. Producers, especially small peasants whose farms could not be efficiently controlled, illicit traders, and consumers resisted with increasing lack of scruple and growing success the government control of the economy.

The grain industry was controlled on the model of the other food industries, though its peculiar character imposed many modifications. Perishable commodities, such as vegetables, fruit, and potatoes, could

hardly be so systematically appropriated and distributed as cereals. Still less was it possible in the case of cattle for slaughter. Here it was not a question of distribution of a regularly occurring harvest; invasions had to be made on stocks which at the same time had to provide work, manure, milk, and young. For this a more elastic organization was necessary. For the appropriation of cattle for slaughter, cattle-trading societies were formed with the participation of the producer. The attempt was made to secure the provision of vegetables and fruit for preserving and jam-making factories by delivery-contracts. Fresh vegetables and fruit could be obtained almost only through illicit trading. The provision of meat, in spite of severe invasions upon cattle stocks, was by no means sufficient. Already in the autumn of 1916, when unified meat-cards for the whole Empire were introduced, only 250 gr. (about 8 oz.) could be granted per person per week. Later the ration, which was graduated according to the size of the locality, sank as low as 50 gr. (about $1\frac{3}{4}$ oz.) a week, and finally a completely meatless week was introduced each month. The weekly fat ration in 1916-18 was on an average only 60 to 70 gr. (about 2 to $2\frac{1}{2}$ oz.); during this period milk was received only by children, invalids, and expectant mothers.

Unexpected difficulties arose in the task of covering the demand for eating-potatoes. In peace-time only a proportionately small fraction of the potato harvest was necessary for human consumption. The greater part was used as animal fodder, and the remainder was more than adequate for the needs of manufacturing trades. But in war-time potatoes had to be used in substitution for all sorts of food-stuffs and fodder materials which were short and therefore as the yield declined the supply also became short. The third year of the war especially, after a temporary surplus, the 'potato flood' of the early summer, brought as a result of the bad harvest and a long winter's frost such need that turnips had to be used in substitution. The potato harvest was therefore commandeered, and managed from a central office by way of compulsory assessment, in that this central office gave to those districts possessing a surplus the task of making deliveries over to other districts which had reported to it their need for additional supplies. Management was made extraordinarily difficult by reason of the perishableness of the produce. It had to be left stacked at the producer's during the winter, could not be unstacked or transported in frosty weather, and suffered in any case considerable loss through rotting, the extent of which could not be calculated in advance. In order to have an absolute guarantee of spring requirements in spite of this uncertainty, even the use of potatoes for fodder,

despite its being the most indispensable fodder material, was limited and, from 1916 onwards, with the exception of spoilt or inferior produce, entirely forbidden. As a matter of fact there were potatoes left over from the worst of the war-harvests for fodder purposes and used as such, otherwise a general dying-off of cattle would have taken place. The only effect of the fodder prohibition was to force the farmer into opposition to the official regulations and to conceal his stocks, and in this way prejudiced the very delivery of eating-potatoes, which it was to secure. In order to remedy this disadvantageous state of affairs and to use the interest of the producer as a lever for speedy and complete delivery, I made the suggestion in 1917 that after the individual farmer and also all the co-operative societies with surpluses had made the autumn deliveries required of them and had made sure of their share of the spring assessment, in addition to a good reserve supply, the remainder should be left to them to dispose of at will. This plan, worked out in all detail and complete with figures, was recognized on all sides as feasible and expedient. In spite of that, the head of the city of Berlin brought its downfall with the remark that the opinion of the city population would not endure the removal of the fodder prohibition.

I have tried to present to you in this compressed survey as objective a picture as possible of the system of war-time food control. But the fact cannot be concealed that I regarded its development as unfortunate and struggled against many measures on account of their harmful effect on agricultural production. And I must resist all the more decisively the malicious criticism made of it, which arose from the desperation of the starving inhabitants of the cities and of the tormented farmers, led astray by the well-known tendency to look for the scapegoat among one's own governmental authorities rather than among enemies outside, and which was poisoned by the necessity for agitation felt by the parties hostile to the government. When all the acumen, the organizing ability, the enduring energy, which were devoted to this work, had so little success, then it was chiefly a matter of fate and not of fault. No angel from heaven could have given the German nation enough to eat from what was available, nor have increased production, nor maintained its level.

Many losses might have been avoided, especially if the system had been better planned. As I have shown, it developed as a chain of improvisations and expedients. Decrees following one upon another in close succession, the one modifying the other, putting it out of force, thwarting its effect, drove agricultural production, which

needs nothing so much as steady progress, now in this direction, now in that. The maximum prices above all, fixed one after another and not in the right proportion to one another, but each according to the needs of the moment of its introduction, taking into consideration the market price of the moment, forcedly misled it into cultivating one crop one day and another the next. Help was only given by the adjustment of prices made by the War Grain Office, though it did not have any remarkable success. There is also ground for thought that precisely those measures which were worked out according to plan and were theoretically most satisfactory were those which above all failed. The compulsory slaughter of swine, the denaturing of sugar for cattle-fodder, the limitation of beet-cultivation, the potato surplus in the spring of 1916, are examples which give warning of how economic development which cannot be foreseen leads the most careful calculations of the best experts *ad absurdum*. In view of these experiences it may be permissible to doubt if the Economic Mobilization, led by the 'Economic General Staff', which was so frequently demanded and missed, would have had more success, or whether it would not have led us into even greater mistakes. Those who have experienced how often direct intervention by the state puts the delicate working of the economic system out of order will not reproach the government that it attempted to avoid such intervention for as long as possible. What caused it to hesitate was not liberal doctrinarism but much more the well-founded anxiety of making mistakes and causing unwished-for secondary effects.

It is more difficult to justify its all-too-great dependence on public opinion, on the opinion of the consuming masses. This opinion, as was openly stated, was more important to the chief officials than that of the suffering farmers—on whose pleasure in work the success of production is finally dependent. The influence of this mass opinion has had to be mentioned frequently in the course of this report, and how it stood in opposition to the requirements of economic expediency. The provision of food supplies could doubtlessly have been arranged for and carried out with far less friction, if one had not been so anxiously mindful—and finally without any success—to prevent the producer and the well-to-do from providing themselves with extra food. One was indeed conscious that this was in many cases possible without any disadvantage to the general community. But it is a less important point that all have enough to eat, said one of the chief men, than that no one has more to eat than the others. Consideration had indeed to be given to the opinion of a people which was struggling for its life. But when a commodity, such as

goose-meat, was consciously driven from the market by setting a maximum price merely in order to avoid the 'provocating' effect of offers at fancy prices, the only effect was to encourage illicit trading. When, above all, merely to satisfy the prejudices of the big cities, the prohibition of the use of potatoes for fodder was maintained, when it was actually pointless, provision for those people was endangered, as I have shown, to whose opinion a surrender was made; quite apart from the situation, intolerable for the authority of the state, in which the farmer only had the choice either of acting contrary to the law or of letting his farm go to ruin.

Over-centralization increased the disadvantageous consequences of the state control. At the very beginning the possibility of a decentralization of the grain industry was pointed out and based on the favourable experience which I had had in the Potsdam area with the local co-operation between societies needing stocks and those delivering them, before the foundation of the Imperial Grain Office, and it was also urged that the grain industry should be built up, not on the principle of central control, but on such local delivery connexions. It can hardly be doubted that substantial difficulties and disadvantages would have been avoided in this way. In any case an immense and unwieldy governmental apparatus would have been avoided. The organization would have been simpler and the method of obtaining supplies more elastic. In the smaller areas the natural trade relations, which had grown up to suit the locality with a guarantee of reliability and long experience, could have been taken advantage of at the expense of illicit trading, that most pernicious product of the war-time economy. The spoiling of supplies, and the unnecessary movements now in this direction, now in that, might more easily have been avoided. Above all, it would have been possible with such a loose organization to pay more consideration to the needs of agriculture. It would have been easier to make the producers themselves interested in punctual deliveries of supplies by granting them certain facilities, instead of systematically destroying their goodwill by the exclusive application of measures of compulsion and threats of penalties—which was indeed a fundamental mistake of the system. Near connexions locally between producer and consumer would have generally lessened the mutual bitterness which so disastrously coloured public opinion during the war. The malicious ill-will between the naturally different parts of the Empire, which so vexatiously offered support to particularism, could not have developed.

In this way some of the worst difficulties might well have been

alleviated. In the frame of state control the most serious misfortunes were not to be avoided. Illicit trading and the damage to production are inevitable consequences of the system.

It paralyses the will to produce by the limitation of freedom of action as such, and by the imposition of maximum prices and compulsory deliveries, which take away from the producer the possibility of disposing of his goods at his own discretion. Also such disturbing interventions in the work of the farm itself, such as sequestrations, embargoes, prohibition of the use of certain goods, can scarcely be avoided if the purpose of the control is to be assured, and this brings with it also the necessity of applying the axe to the root of production. The task of guaranteeing the consumer his share of food-stuffs implies the impossibility of allowing rations to decline below the subsistence-level or prices to rise beyond the means of the general public. From this necessarily follows, even with the most careful planning, the inclination to fix prices at unremunerative levels and, in case of shortage, in order to cover temporary need, to make invasions upon stocks which are required for the continuation of production. Thus the disturbances in production, mentioned at the beginning and touched upon again and again in the course of my report, were the necessary consequences of state control as such. It was only in accordance with its essential character that the fodder supplies left to the farmer should be too sparingly measured, and that the economy should go to ruin through the strict following of the regulations. I once caused serious offence when I compared the farmers who, conscious of their responsibility, defied threats of punishment in order to keep their farms productive, with General Yorck, who saved his country at Taugoggen by an action which legally amounted to mutiny. With great display of moral indignation the public insisted on the selfishness of the farmers and their lack of community spirit. It would have been more right to accuse the economic system, which brought them into a conflict of duties and could not make personal interest serviceable to the general interest. The opposition between these two interests ceases, when it is a question of keeping the farm running, for this is in the interest of the whole as well as in that of the individual.

A consequence of state control, which cannot be defended but which is equally inevitable, was the ravaging damage done by illicit trading. It can be clearly followed how this pernicious growth developed ever more fully, the more state control was extended and the more strictly it was administered. No penalty and no warning could prevent ever-widening circles of the population in their need

from drawing supplies ever more unhesitatingly from this obscure source. In this way state control-dissolved itself, in that it furthered the disparities in the provision of supplies by its breeding of illicit trading, disparities which it strove at all costs to avoid. It is possible that the disparities, which occurred at the expense of public morality and of the authority of the state, were far more difficult to bear than the natural ones would have been.

The recognition that state control is necessarily detrimental to production and must lead to illicit trading has brought serious observers to the conclusion that Germany would have done better if it had resisted its introduction. I should like here to point to the distinguished report made by Dr. Schiele-Naumburg in which he seeks to combat the view that *laissez-faire* in war-time must have led to cut-throat competition. I do not venture to assert that we could have managed without some state control. But if it was necessary, it was a necessary evil. If its form and application had been planned strictly in accordance with realities and made elastic and as decentralized as possible, its havoc could have been less. But even the most perfect organization and the most careful working would not have been able to banish the detriment to production nor the danger of illicit trading. This was the experience of war-time food administration in Germany.