



**AgEcon** SEARCH  
RESEARCH IN AGRICULTURAL & APPLIED ECONOMICS

*The World's Largest Open Access Agricultural & Applied Economics Digital Library*

**This document is discoverable and free to researchers across the globe due to the work of AgEcon Search.**

**Help ensure our sustainability.**

Give to AgEcon Search

AgEcon Search  
<http://ageconsearch.umn.edu>  
[aesearch@umn.edu](mailto:aesearch@umn.edu)

*Papers downloaded from **AgEcon Search** may be used for non-commercial purposes and personal study only. No other use, including posting to another Internet site, is permitted without permission from the copyright owner (not AgEcon Search), or as allowed under the provisions of Fair Use, U.S. Copyright Act, Title 17 U.S.C.*

PROCEEDINGS  
OF THE  
THIRD INTERNATIONAL CONFERENCE  
OF  
AGRICULTURAL ECONOMISTS

HELD AT  
BAD EILSEN  
GERMANY  
26 AUGUST TO 2 SEPTEMBER 1934

LONDON  
OXFORD UNIVERSITY PRESS  
HUMPHREY MILFORD  
1935

## DISCUSSION

LUDWIG HERRMANN, *Staff Department of the Peasant Leader, Berlin.*

NATIONAL Socialism is not a method, but a philosophy of life (*Weltanschauung*). The agrarian policy of National Socialism does not seek to heal the economic crisis, but to build up afresh, on completely new ideal and material foundations, production, distribution, and consumption. National Socialism had, thereby, to tackle first of all the conception of 'world economy'. The unparalleled expansion of international trade before the War did irreparable harm both at home and abroad to all peoples concerned. Industrial nations, in their fight for world markets, abandoned their own basis of nourishment. Peace between nations was inevitably shaken, as the economic attack on world markets was combined with the defence of the food supply for one's own nation. The only possible outcome of such unstable conditions was naturally war. National Socialism has deliberately turned away from the conception that 'Germany's future lies upon the sea'. In doing so it has put itself into harmony with the conceptions of our best Germans, with those of Johann Gottlieb Fichte and Gustav Ruhland. The individual nation is an absolute and thus also an economic unity. Politics, not economics, have pride of place. What a people cannot bear politically, economics should leave alone.

Little imagination is needed to picture how beautiful it could be if the treasures and possibilities of the world were at the disposal of all. 'Two hours' work daily would be quite enough, with absolute world-harmony, to provide everybody with the earth's best gifts in abundance. Who would think of growing sour wine in north Europe when the southern sun willingly puts at our disposal, without work, unlimited quantities of the best quality? Ought wheat to be cultivated on the rocky slopes of Switzerland and Scandinavia, when Ukrainian and Canadian soils yield double and triple harvests with far less labour? Or what more ideal industrial countries are there than Germany and Britain, where iron and coal lie cheek by jowl in the bosom of mother earth? A world dictator—and our earthly paradise is achieved!—thus the thoughts of a man ignorant of Nature's eternal laws. He forgets that mankind, like all other beings on this globe, is destined to grow and develop, which is possible only by ceaseless struggle and strife. Only the individual nation possesses a homogeneous economic body, the world should not and cannot.

There is no world economy, only a number of national economies, working together in greater or lesser harmony. The more stable the individual national economies are, the smoother are international relations and commercial exchange.

A shrinkage of world trade must be consciously taken into account. The nation has never had any profit from this unhealthy striving after world power. Of what use are bananas to us if we do not know whether we shall, in all circumstances, have enough bread for our people? If Fate enables us to exchange high quality German work against foreign products for our richer and better nourishment and clothing, we are thankful, otherwise our German soil must give us the rough but certain piece of black bread and the simple linen smock. They are not at all unsuitable to our German character.

In spite of the most intensive cultivation of our German land and soil, and of our cattle farming, we can maintain our people only imperfectly from our own land. Our production has to be so arranged that, in all spheres, we have at least the most necessary daily requirements. It would be foolish to have too much of one product and to be in a completely dependent position with another. As in small things, so in great. Our peasant farms will not be able to resist a crisis until their production is as many-sided as possible, and, first and foremost, covers their own needs. The same applies to the whole nation: the more secure the general position of supplies, the more secure it is against crisis—and is also the more peaceful. This security does not need to be guaranteed by guns.

With this fundamental attitude towards trade between individual states, the national socialist state had inevitably to give to production and distribution of agricultural products a completely different stamp. It is impossible to say that the German economic policy before National Socialism seized power stood absolutely either for international trade or for home trade. There was no definite tendency at all. Every government party tried to get as many advantages as possible for its party adherents, and with the constant change of governments all measures were only patchwork. There prevailed everywhere a wild speculation with the most essential commodities of the nation to the cost of those whose conditions were least flexible, namely the peasants and the poorer classes of consumers. The peasant was accused of being a bad business man who did not understand how to adapt himself to the prevailing market position. Marketing research institutes ought to give him a helping hand. No matter what he did, it was wrong. He displayed a wretched figure at the roulette table. He staked wrongly and the bank took his money. Thus, in

recent years, thousands and hundreds of thousands of peasant farms came under the hammer. Only those survived who did not speculate, who kept their plan of cultivation as many-sided as possible, and, above all, secured their own needs first. Only the German peasant's dogged persistence and love for the soil could induce him, with this fool's game, to sow and harvest his crops. A 'liberalistic' race of farmers would have given up long before. Discontent in the farmers' camp, however, had become intolerable and it is certain that a great part of German peasants would have declared a production strike like the negroes in East Africa, described by the economist Ruhland, whom speculation robbed of their well-deserved wages of cotton production.

Not high, but fair and steady prices will enable us to maintain and increase the peasant's joy in production.

The German consumer, however, was also discontented. He could not help seeing how the peasant was being paid for his products at completely inadequate prices, and how he experienced in his own person the bitter loss of the former as a purchaser on the German market, and how, in spite of all that, he had to pay fairly high prices for the peasants' products. The peasant obtained only one-third of the price paid by consumers in the city, and similar conditions prevailed with nearly all products. Bumper harvests affected the consumer just as little as bad ones. Prices were dictated by the stock exchange, not by the bounty of the home soil.

In the tremendous programme of the Leader the national socialistic agrarian policy had the task of securing the feeding of our nation as far as possible from our own soil and, beyond that, with the help of foreign countries, and of giving fair prices. A 'fair price' means one just sufficient for the producer and tolerable for the consumer, and from which the honest and hardworking of the middlemen, distributors, and processing trades find a livelihood. Obviously it could not be left to these groups to determine their own share of the just price. A fair distribution could only be done by a Marketing Association.

The regulation of the market is a true instrument of the Third Reich, as it contributes to national self-sufficiency by its intention to secure the food supply, and to social justice by its price policy. The conception of 'Supply and Demand' must be abandoned. Not a speculative 'produce-exchange made' supply and a similar kind of demand, but only the actual production and the actual need can be the decisive factors for the regulation of the market. Produce exchanges are, to quote Gustav Ruhland, 'Gambling hells whose stakes are bread grain, the food of the people'. In the national

socialist state there is no justification for their existence. Needs and the fulfilling of needs are the poles of the regulation of agricultural markets. By Marketing Association we understand the combination of groups participating in one economic process, under a uniform leadership. The individual marketing association possesses a central organization and district sub-associations. Only under uniform leadership and with the co-operation of all groups concerned, can the interests of the whole community be represented. With a sectional cartel the interests of the remaining groups are disregarded, as a recent example has shown.

The economic association of the industry for the utilization of fruits and vegetables is, at present, still a sectional compulsory cartel. The cucumber department fixed quotas for the canning of cucumbers in order to secure the sale at a certain price. This branch of manufacture kept the total quota within comparatively narrow limits in order to be able to dispose of all goods at the fairly high prices fixed. The result was that the raw cucumber market, after the exhaustion of the quota of the canning cucumbers, would have suffered a serious set-back in price, and a certain amount of them would probably have perished; on the other hand, the consumer would have had to pay too high a price in relation to the cucumber harvest. Thus the quota has been extended and the price per tin reduced in order to achieve a higher turnover in the interest of both producers and consumers.

Simple and uniform as the principle of market regulation is, the methods of its execution vary very much. Farm products, on account of their various transport and storage properties, their perishability and so on never permit of one and the same marketing method. But no matter what the product may be, and whatever the form of the compulsory alliance chosen, all groups concerned have to obey head-quarters which have been set up almost everywhere according to the principles of self-government and of leadership. The Marketing Association endeavours to adapt production to requirements and to transfer the goods from producer to consumer by the best and quickest route.

The opposing interests of the various groups, at first fighting against each other, find in the Marketing Association a harmonious combination for the commonweal. No group exists only for its own interests. Each one exists only in combination with others. Special business activity of a single group is of no value; its significance for the community alone is important. 'The commonweal comes before private profit' is especially true of market regulation.

The following three forms have developed for the cleaning up of German home markets for agricultural products:

(a) Direct market laws, in which the legislator himself makes ordinances regarding sales, price-fixing, and the like. Grain-market regulation in 1933-4 is a specially good example. The Government instructed the Minister for Food and Agriculture to decree fixed prices for the various economic zones, without creating any new organizations. Here we have the simplest form of agricultural market regulation. It is applied in cases where immediate help is needed. These measures represent supports such as are given to a dilapidated house to prevent its collapse. The real and vital re-organization and reconstruction takes place later.

(b) The transfer of responsible administration to the *Reichsnährstand* and the appointment of 'deputies'. As a rule the 'deputy' is an expert who carries out a far reaching market clean-up (particularly of rather special products, e.g. early potatoes, &c.) according to a programme approved by his superior authorities. This 'deputy' has the opportunity in greater degree than the legislator himself of going into matters of detail and taking individual needs into account.

(c) The so-called *economic* or *marketing associations*. These associations represent the highest form of economic co-operation. Fully developed, they are ideal instruments of a national economy, healthy and strong in their relations with home and foreign markets. Marketing associations are already in existence, or are being created in the sphere of the milk, eggs, cattle, and also in the corn industries. Further products are also being taken in hand. The market is organized for self-administration under a responsible leader, and thus is an economic counterpart of a political state which follows a leader.

In addition the import of foreign products to the German market has naturally to be regulated. By the erection of government offices for the most important commodities, 'locks' are built in between the international and the German markets which, with the help of the import permit procedure and by differential levies, secure German markets as regards quantities and prices. In addition to this protection of the home market it has also been possible to make price concessions to the imports of nations with whom Germany has good economic relations so that countries exporting to Germany obtain considerably higher prices than, for instance, on the English market.

The separation, however, of German food-markets from the world market has had still another result; the change from the pronounced private economy of previous times to national economy has

brought us nearer to the countries with which common economic interests bind us by nature. It is no longer the speculative striving after profit of the individual business man, but the state itself, which determines our foreign sources of supplies, whilst protecting the interests of the whole nation. The development of butter imports, for example, throws a good deal of light on the situation; although the total German imports, which in 1932-3 were 69,591 tons, were reduced in 1933-4 to 54,630 tons, Denmark was able to increase her exports to Germany from 13,243 tons to 14,861 tons and the Netherlands actually from 8,905 tons to 12,564 tons. The trend of German trade policy has now been definitely fixed. It is only by the organization of her home markets that Germany has become a reliable customer for foreign commodities. National Socialism can claim to have solved the problem unsolved since trade between nations began, viz. 'Industrial Exports and Agrarian Protection'. There must develop between individual countries a sort of interdependent economic community life. It is not world-embracing trade relations of a few great international capitalists which secure freedom and make nations happy, but the development of the economic relations as laid down by Nature.

Thus, in every direction, the market regulation, in the national-socialist sense, has been given safe and solid foundations. Little wonder that it has been able to achieve monumental successes in twelve months. The problem 'Agrarian Protection and Industrial Exports' has been solved in harmony with foreign countries, and so also the problems connected with 'Producer and Consumer Interests' at home. The year 1933 might frequently have given the impression that market regulation existed only for the benefit of the producer. As consumers' prices, on account of the weak purchasing-power of the great mass of the people, could not be increased or only to a small degree, the excessive profits of the distributive and processing trades have received proper adjustment. The channels of distribution, in parts ridiculous, were shortened and cheapened, and the risk considerably reduced by the steadiness of prices. The hard-working processor and the middleman have thus obtained a secure, if modest, existence, while speculation in food has, at the same time, been rendered impossible. Greedy hands grasping the people's bread for self-enrichment have no place in the New Germany.

We want no one but workers for reconstruction—no parasites! Only in this way is it possible to give fair wages again to the producers without a new and marked burden on the consumers. In spite of the continuous fall in world prices it has been possible to raise the



income of German agriculture from 6.5 milliard marks in the budget year 1932-3 to 7.2 milliard marks in the budget year 1933-4. To this must be added savings effected by reductions in interest, taxes, and the like.

Market regulations in the year 1934, with its generally poor harvests, have been mainly a protection to consumers. With us, in Germany, it is not speculation which fixes the price for bread, but the Marketing Association for Grain, with the consent of the State. Every grain of wheat from last year's record harvest has been carefully saved, and is now being used to supplement requirements. The same is true of other branches of agriculture. Our egg-stocks are double those of previous years.

The greatest stress is laid on steadiness in price development. It would be foolish and impossible to fix absolutely uniform prices for the whole year, except for bread and for milk for liquid consumption. Steady price-development with as few fluctuations as possible is, on the other hand, a great blessing for both producer and consumer. It stimulates production owing to its reliability; it helps the consumer as he knows exactly how much he will have to spend, but it deals a death-blow to speculators. Market control and price regulation are not a mere dictatorial decree, devoid of all economic wisdom and only to be maintained by force. They are supported by a corresponding influence on the market. In times of bumper harvests surpluses are withdrawn from the market to be put into circulation again in times of shortage. In the short time since its seizure of power, National Socialism has naturally not been able to do away with all former abuses. Various groups are constantly trying to kick against the pricks. In the egg-market, for instance, the traders, in times of plenty, tried to share the structure of market-regulation by living from hand to mouth for weeks at a time, whereas now, when supplies are getting shorter and prices higher, the middlemen are storing eggs. We have arrived at quite different conceptions of economic morals. Ogden Armour, in a case cited by Ruhland, bought up for Christmas all available stocks of apples and turkeys, and sold them again at very high prices. Such lucky speculation was honoured and admired. Who would have dared and who, in all 'liberalistic' countries even to-day, would dare to do him the least harm? But such adventurers and speculators with the food of the people are regarded in Germany as dangerous criminals, and will be hanged. Which justice is the more cruel: To allow exploitation and starvation of an honest, honourable nation or to hang a few rogues on the gallows? Do not ask the law codes; ask instead the healthy sentiments of

your nation. In Germany Socialism and Justice have become one conception.

The difference between the lowest and highest prices of eggs in the following years was: 1929, 68.2 per cent.; 1930, 84.5 per cent.; 1931, 77.2 per cent.; 1932, 126.8 per cent.; 1933, 81.8 per cent.; and in 1934 will be at the utmost 50 per cent.

Market regulation, of course, presupposes an absolutely strong state leadership; it is in every way a child of national socialism, and without this would be both unthinkable and impracticable. It is noteworthy that Italy, a country with a similarly authoritative state leadership, is withdrawing from its former sectional national syndicates, and is setting up corporations similar to our marketing associations. Signs of similar economic structures are to be found in the U.S.A. in the form of the N.R.A.; in Switzerland in the organization of peasant producers; and in England in the milk and bacon market regulation.

Market regulation stops short of interference with genuine private initiative, without which an economic apparatus becomes lethargic and inflexible. The heavier the burdens and the more modest the possibilities of existence for a nation, the more the innately valuable forces of national and economic life must be allowed to develop. Private initiative should be limited only when it begins to threaten the common welfare, i.e. where it changes from a healthy striving into a crime against the nation. For this reason marketing associations do not themselves engage in trade. They only supervise.

Market regulation also takes care not to limit and burden business by over-organization. Only very few people control the market in the whole of Germany. When matter is added to matter, as in the case of manuring, the output is increased. When physical labour is added to matter, the result is still better, but the addition of controlling intellect to matter and labour, i.e. organization, results in the highest achievement. The first dose has the most fruitful results and pays best. Thus it was possible by modest measures to save for the mass of the people, namely, the peasants and the consumers of agricultural products, many hundred millions of marks and, still more important, to secure the food of the people. The results of market regulation are tremendous.

Methods of influencing the market vary. Commodities that can be stored, such as grain and eggs, are the easiest to control, and their yields are also more constant. The market regulation of the more perishable kinds of fruits and vegetables is much more varied. Regu-

lation of hardy cabbage, the hardier fruits, onions, and potatoes is obtained through the producers not being allowed to offer quantities in excess of demand. These can easily stand a postponement of harvesting for days or even for weeks. With preserving vegetables, peas, beans, asparagus, tomatoes, cucumbers, white cabbage, the conclusion of cultivation agreements between producers and manufacturers is actively promoted so as to secure the market for these products. With the rapidly perishable fresh vegetables for which stocks cannot be kept, such as lettuces, early vegetables, radishes, and so on, precise grading instructions are issued. With plentiful harvests, only the best kinds are released for the market, so that, in contrast with former days, poor qualities may not spoil the prices while good qualities perish in the producers' hands. With less good harvests, second and third qualities are also declared marketable. This kind of market regulation is also applied to other products. In order to avoid losses and overloading of the market of all kinds of soft fruits, arrangements are made with manufacturers for the production of half-finished products which will keep.

Contrary to many of the efforts for the saving of the world agricultural markets, German market regulation deliberately avoids the fixing of quotas for primary production.

The formation of steady prices fixed in the interests of the whole nation will indicate to the peasant which products he should cultivate and which not. He will himself bear the responsibility for his production. He knows his own land best. If he makes a mistake, his products cannot be bought, or only at unsatisfactory prices. There are so many imponderable and incalculable factors in the farmer's production that it cannot be regulated by any calculation however exact. This is a good thing. Mankind is thus always reminded of its inadequacy.

The German farmer's freedom in cultivating his soil fundamentally differs from collective farming. The market organization appeals to the common sense of the farmers, and thus achieves by voluntary action what other economic structures fail to achieve by force. The enormous increase of the cultivation of oil seeds and textile plants is positive proof of the peasant's understanding of, and his trust in, the measures of his government. But we have still a long way to go. If foreign countries see our point of view it will be to our mutual interest. We shall gladly come to an agreement with those who enable us to exchange high-quality German goods with their food-stuffs for the better maintenance of our people. Those, however, not inclined to understand us will suffer direct disadvantages through the

termination of our mutual exchange of goods, and they should also know that the German nation will unswervingly pursue its path of self-preservation under Adolf Hitler. 'Everything that does not kill us helps to make us stronger.' Our Leader's words are still our motto: 'National economy does not save a nation, but a nation must save its national economy.'