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THE RELATIONS OF LAND TENURE TO THE  
ECONOMIC AND SOCIAL DEVELOPMENT OF  
AGRICULTURE

FIRST OPENING PAPER

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THE investigation of the agricultural systems of civilized countries initiated by the International Conference and the discussion of to-day, which is connected with it, are aimed at the practical utilization of the information collected. But we must bear in mind that we are not free to choose an economic and social system. Hippolyte Taine enunciates this truth as follows in *Les Origines de la France contemporaine*: 'The social and political forms which a people can adopt and retain are not a matter of choice, but are determined by its character and its past.'

From this it follows that the experience of *one* nation has only a limited application to the land-tenure system of *another* nation. The inherited economic and legal systems must be judged in relation to the different conditions of their development and effectiveness, to the nature of the land, the race, the mental powers expressed in language, and, above all, the political history of the people.

When our British colleagues speak of the future of their land-tenure system, we who are guests of this country cannot but respectfully listen, remembering how much the old system has contributed to the civilized world. Great Britain is, together with Holland, the founder of rational agriculture, and also the home of large-scale mechanized industry. We are also aware that the British system of land tenure was created by the same ruling class which made the British Isles the centre of a world empire, namely, by the landed aristocracy, in close co-operation with the upper middle class which from the earliest times absorbed the younger sons of the nobility. Wealth flowed in from the colonial empire and bore fruit on British soil. The peasantry, forced to leave by the enclosures, found for the most part a new and more extensive home in the Dominions. British industry finds privileged markets there, while on the other hand the agricultural products of the Dominions are marketed in Great Britain.

But conditions of this kind are not present in any of the Teutonic or Slav countries of the continent about which I have to report, with the exception of Holland. I shall pay special attention to those countries for which reports are available in printed form or in manuscript, i.e. Yugoslavia, Bulgaria, Switzerland, and Germany. In all these countries the self-farmed peasant holding is the most important factor. The most extreme contrast is that between the German and the British agricultural systems. Up to the time of the War almost nine-tenths of the land available for agricultural exploitation in Great Britain consisted of lease-holdings, and in 1927 the proportion was still two-thirds. In Germany almost nine-tenths of the farming land is the private property of the farmers. How did this contrast develop?

In both Great Britain and Germany the origins of large-scale land tenure go back to the organization of the medieval feudal state. But in the Frankish and German Empire the feudal system never assumed the strict and systematic form which the French Normans introduced into England after the Conquest. While preserving the war-like and colonizing powers of the Vikings, they had won, through their contact with the Latin world in Normandy, as Trevelyan assumes, a marked sense of political unity and ordered administration. In England the royal prerogative and that of the king's vassals applied to all real estate, including the commons and communal forests. The peasants who became villains had no legal rights in relation to their lord, but were subject to his jurisdiction. In contrast to this position, the German villains represented associations endowed with extensive rights. They were owners of their land under the estate laws, including the commons and forests, and they themselves were the judges in the land courts. 'The Kaiser is equal to the lowest if he trespasses against the law', says an old list of the estate laws for the royal estate of Elmenhorst in Westphalia.

Two great events transformed the history of the peasants north and south of the North Sea: the growth of urban communities from the twelfth to the fourteenth century and the great geographical discoveries at the end of the fifteenth century. The development of finance and commerce in the towns and the influx of precious metals from the East during the Crusades brought about a big rise in agricultural prices and caused the landlords all round the North Sea to make their villains free farmers who held the land on lease for a fixed term of years or for a lifetime. The paths of the peasantry in the two countries diverged again, however, from the sixteenth century onwards. It was at this time that the series of expeditions was

begun which continued for several centuries and finally brought one-fifth of the earth's surface under British rule. The classes of society which conducted these expeditions, the landed aristocracy and the upper middle class, carried out the organization of the agricultural system, chiefly in the seventeenth and eighteenth centuries, to serve their interests in a very rational way.

On German soil the most powerful medieval empire was broken up into numberless territorial states and its wealth and culture declined during centuries of warfare. The reconstruction was the work of the great territorial princes. The financial and military foundation for this work of reconstruction was the great self-contained peasant farm with its well-regulated family, its large teams of horses or oxen, and its important economic efficiency. In this way the great territorial princes became a protective force against the nobility which had come to be a privileged class.

The aspect of agriculture from the North Sea to the Alps is still determined by the great peasant farm of from 75 to 100 acres. There are also smaller tenures. The same applies to the land east of the Elbe and the Saale, which was recaptured by the Germans from the twelfth to the fourteenth century. But here, in contrast to west Germany with its scattered landed estates, manorial estates enclosed in the Norman style existed from the beginning along with the peasant villages. West of the Elbe the lease-holdings were protected, in regard to succession and against increases in rents, as early as the sixteenth century, partly through the intervention of the territorial rulers and partly through custom. East of the Elbe it was the famous protective agricultural legislation of the Prussian kings, especially Frederick the Great, which saved the peasants from a fate similar to that of the English peasantry, maintained their position of ownership according to numbers and area, and at the same time increased their numbers systematically by means of inland colonization. During and after the Napoleonic wars the peasant holdings in east and west Germany, protected in this way as they had been, were transformed into fully-owned holdings exactly like the manorial estates.

The wine-growing regions in west, south, and parts of central Germany had a peculiar development of their own. In these regions the peasants gained full ownership of their holdings as early as the thirteenth century. The custom grew up at that time, with the approval of the lords, of dividing up the peasant holding into hereditary allotments, which meant more frequent change of ownership and an increased control of their land by the peasants. The lords guarded against loss by means of high death duties and taxes

on change of ownership. But in these peasant districts there also arose a truly grotesque system of small States, which led to abuses that caused the great Peasants' War of 1525. A sensible system of public and agricultural administration was first set up in the stormy times of the Napoleonic wars.

To come finally to Switzerland, the organized peasantry, in association with the towns, put an end to feudal conditions as early as the fifteenth century. Switzerland is a country with no large estates and no large-scale farming.

The result of the historical development is the present distribution of land tenure. More than one-fourth of Germany (27.3 per cent.) is covered with forests. About three-fifths of the forest areas belong to the State, local authorities, and other public bodies, who manage them well. The agricultural soil is nearly all in private hands and mostly in the form of peasant farms cultivated by the owners. In eastern Germany 36 per cent., and in the whole of Germany 18 per cent., of the land under cultivation is occupied by large farming estates of more than 250 acres. This agricultural system, founded as it is on the principle of private ownership by the farmer, was not created, as has been asserted, by middle-class liberalism in an attempt to make an ally of the peasantry; it grew out of the ever-cherished conception of land ownership and independence as the essentials of a free yeomanry. The holding of land on lease is, in Germany and in most of the other Germanic and Slav countries of middle Europe, merely a means of supplementing private ownership. Apart from particular individual conditions, the land held on lease has a double function: (1) to keep the size of the peasant farm fluctuating in relation to the number of hands available and to make the attainment of independence easier for the small landholder, and (2) to make possible the utilization of the extensive State lands (2.5 million acres) and some big former manorial domains through permanent leases to efficient entrepreneurs. These lessees came mostly from the business and industrial classes of the towns, and first introduced a business spirit into large-scale farming, in the sense of adapting the farm management to suit the different turns of the market.

The fact should be of special interest in Great Britain that we in Germany have more than 400 large agricultural concerns which are owned by private companies, of which four-fifths are administered for the company, and one-fifth cultivated by lessees. These are for the most part business companies which combine an industrial concern, such as sugar-making and distilling, with agriculture, or else large mining concerns and other industrial works dealing with

inorganic products, which aim at securing an area where mineral supplies are to be found, or experimental stations for testing fertilizers, &c., or for raising seed. These concerns have the advantage over private businesses in that the difficulties that otherwise occur with the inheriting of real estate are altogether avoided.

The social and economic significance of the existing agricultural system must be judged with reference to the fact that Germany constitutes to-day a genuinely industrialized country. An increase in prosperity and in industrialization began with the building of the railways and the founding of the German Customs Union at the beginning of the thirties of the nineteenth century. And when Bismarck re-established the German Reich, the accumulated forces of the people gave rise to a period of really impetuous development. Germany rapidly became the leading industrial country of the continent of Europe and plunged far into the then developing world economic system. Between 1800 and the present day the population of Germany has trebled.

But the number of people engaged principally in agriculture has, for reasons to be stated, remained almost unchanged in spite of the great preponderance of rural births. Hence the entire agricultural population to-day constitutes only 20 per cent. of the population as a whole. This figure gains, however, a new importance through the social structure in agriculture. In the summer of 1933, 8½ million people were engaged in agriculture permanently and as their main occupation. Of this number 76 per cent. were members of the farmers' own families working on the land, including the farmer himself. Fourteen per cent. belonged as male and female farm-hands to their managers' households, and only 10 per cent. (in actual numbers 889,000) were permanently employed as day-labourers.

It is clear that the foundation of the social structure in Germany consists of a large body of independent agricultural landowners. In this body class distinctions are as good as non-existent. The great majority of the people working the land are united by ties of family affection with the farmer, and belong to the same class. In this way the social structure in agriculture is distinguished from that in all other vocations. The share of agriculture in the independent class of society in Germany is treble its share in the population as a whole, i.e. 60 per cent. as against 20 per cent. The farmers thus constitute the backbone of the independent classes, and the same is true of Germany's neighbouring countries. This social structure in agriculture imparts great security and power of resistance to the whole body of the people.

It is also of decisive importance for the structure of all non-agricultural vocations. It is absolutely false to maintain that the peasantry constitutes the greatest reserve source for the town proletariat. We know from many individual census returns what has become of the younger generation of the peasantry. The majority belong to the class of independent entrepreneur, chiefly in agriculture and secondarily in industry and commerce. Less than 10 per cent. become industrial workers, and of these the large majority are skilled workers. But since every urban population has its origins in the rural population, it is to be understood in this connexion that almost half the money-making population in Germany outside agriculture is still engaged in handicraft occupations; and again from this extensive class, which is by no means in a state of decline, are chiefly recruited the German skilled workers who are responsible for the remarkable efficiency of German industry. This industry is in the main 'refining industry', carried on chiefly in small and medium-sized concerns. Large concerns predominate only in mining, metal-founding, and the electro-technical and chemical industries.

Thus the German agricultural system conveys life-blood to the whole social body through the system of arteries which radiates from it, and in this way determines its whole character.

In order to gain an idea of the economic achievements of this agricultural system, one must first acquire a clear conception of the character of the peasant and large-scale farm and of the inner relation of the property owner to his holding.

Here it is especially important to recognize the modifications which ancient forms and conceptions have undergone through the organization of society on the basis of industrialism. In Germany the conception of the peasant farm includes:

1. The idea that it constitutes a means of maintenance by the cultivation of the soil, i.e. that it guarantees the farmer and his family full maintenance in accordance with their social position. The labour for this self-support is available in the family itself, supplemented when necessary by outside help. (This conception has its origins in the ancient hide system, and reoccurs in the Federal Homestead Law in the United States of America. On the old free peasant farms on the North Sea the usual size for a hide is 100 acres (= 160 Prussian morgen), and the American homestead is known to consist of 160 acres. But naturally the lowest limit of self-maintenance from the soil, especially in the West and South, is much lower, and fluctuates a great deal.)

Since industry has removed the home handicraft trades from the



peasant farms, this idea of self-support by the cultivation of the soil also includes important market implications for the farms. According to the statistics collected by the Farm Inquiry Board, small family-managed farms of from 12½ to 25 acres send, in specially unfavourable climatic and economic conditions, two-thirds of their products to market; medium-sized farms of from 50 to 62 acres send, in specially favourable conditions, 80 per cent.; while large farms of over 250 acres sell from 80 to 90 per cent. of their products. For all farming concerns in Switzerland, where books are kept, Howald records an average of 82 per cent.

The German peasants, therefore, regard the main part of their farm produce as a means of making money. For this reason they have been accustomed to keep clear accounts of their cash income and expenditure. Nevertheless, the factor of self-support, which increases with the decreasing size of the farm, is of great importance for the power of resistance in face of periods of depression.

2. In the second place, the peasant farm is a family-managed concern with horse power and machinery. Farms of between 25 and 50 or 50 and 125 acres seem to be the best size, and for this reason tend from census to census to represent an increasing percentage at the expense of others. On the smaller farms among these and on farms on light soil there are permanently working from 4 to 5 persons, always including the farmer and his wife, on the others from 6 to 10 persons; while the large estates of over 250 to 500 acres employ from 21 to 100 persons, being reckoned according to the industrial scale as medium-sized concerns.

On the large estates the majority of the labourers are men, whereas, on the family-managed farms of 125 acres and less, men and women do equal shares of the work. This is the traditional division of labour. But on the small peasant farms, where few or no outside helpers are employed, the woman's work has greatly increased. As the inventor of gardening, woman's original occupation is confined to hoeing work on enclosed allotments or in the garden, and to the care of the young animals. The man ploughs the land, which has meant the grain fields for 1,500 years. But since from the end of the nineteenth century produce previously confined to the garden has been transferred to the fields, as beet and potatoes, &c., and since pasturage has been replaced or supplemented by stall-feeding and fodder-growing, the women perform in addition a great deal of work on the land, and their work with the live stock is increased. This development is not without its dangers, since thereby not only the mother of the individual family, but the mother of the nation is

often overworked and runs the risk of premature ageing and of being rendered incapable of continuing to replace the population claimed by the great cities.

In this connexion the question of improved implements and machines assumes great importance. From the beginning of their history the Germanic peasants employed machines. They used the heavy iron plough drawn by horses or oxen, which does not merely scuffle the soil like the Slav or Romance hoe-plough, but cuts the sods and turns them over. The size of the ancient hide was adapted to this type of plough. Thus modern agricultural machinery as employed on the large estates was adopted more and more on the peasant farms. The machinery serves here less as a labour-saving than as a time-saving device and also as a means of easing and, as in the case of the drill machine, improving the work, and for this reason is seldom purchased on credit. The electric motor has in recent times become extremely widespread in use, and by means of attached machinery not only lightens the work on the farm and in the stables, but also affords more and more relief to the much-burdened farmer's wife.

Owing to the adaptation of the manner of farming to market requirements, and the abundant use of means of production, the peasant farm could be described in the same way as the large agricultural estate, namely, as a capitalistic business concern. But the peasant farm differs from the capitalistic business enterprise in the following ways :

1. In the labour system. The chief labourers are members of the farmer's own family. A large number of the sons and daughters continue working on their father's farm for 10 or 15 years after leaving school, in return only for their keep and pocket-money. They thus produce, as a rule, the value of the sum out of which they receive a settlement when they leave home later on. The main part of the *income* on the family farm is the equivalent of the workers' wages, whereas on the large agricultural estate the workers' wages constitute the most important item of *expenditure*. This is the reason why the family farms seldom suffered from lack of labourers, even at times of the greatest industrialization, and were on the increase at the expense of the large farms.

2. The second contrast with the capitalistic concern lies in the fact that for the German peasants, and also for many big landowners, the ancestral farm represents more than a means of making money. It is for them heritage and home, and the pursuit of agriculture is for them not only a business but a calling which fills their whole lives.

Here is a separate world of traditional sentiments, which has remained a source of strength for hundreds and thousands of years. Its clearest expression is to be found in the peasant family constitution and customs of succession.

The Germanic family is a proprietary association. As long as the father and mother are alive, there exists between them and their children, in contrast to the Slav family, no kind of common land tenure. All the children have equal rights. But the custom dates back to the earliest times that only one of the sons may bring his wife into the paternal house. When the parents grow old, this son takes over the farm, not as the born ruler of his brothers and sisters, but, according to the German principle of leadership, as the first among equals. He thus owes his brothers and sisters a settlement from the value of the farm. This is opposed to the feudal system and opposed to the English common law. The settlement is not reckoned according to the selling price, for the farm is in no sense a commercial object; it is decided on principle according to the producing capacity, and in such a way that the burden on the successor to the estate shall not be more than the farm is capable of bearing, the guarantee of a suitable maintenance being preserved. A limit is thus set to the debt, which ensures the preservation of the farm for the family from generation to generation.

In a country that has long been settled and where the population is increasing, the selling value of estates tends to exceed their value in production, from the simple fact of the competition of the lesser people climbing up to independence. This results in the danger of the estates being over-burdened with rigid mortgages, if land changes hands in the order of inheritance or by sale like goods on a credit system. Hundreds of old-established families with large estates were uprooted by this process and through taking part in land speculation during a boom and being involved in the ensuing slump in prices. The lessee is insured against danger of this kind. The lease of land involves the lessee who lays out capital in economic risk. But equally the custom of succession described above provides protection against danger of this kind, by removing the landed properties from the real estate market. This custom was responsible for the fact that before the War in large regions of hereditary land tenure, such as Hanover and Westphalia, the burdens on the farms were on the whole statistically nil. As far as I can judge, the sentimental relation of the present-day large estate-holders to their estates is generally, after bad experiences, no different from that of the peasants.

The privately owned farm, so long as it is not oppressed with

debt, allows the farmer more freedom of movement than the leaseholding, because it is easier to obtain credit for productive purposes. In Great Britain every one knows how cleverly the Danish farmers have adapted themselves to the requirements of the English market. In Germany a good adaptation to the necessities of urban and industrialized society is also observable. As is well known, this is becoming more and more a question of refining processes and live-stock rearing, of produce such as meat, eggs, milk, poultry, fruit, and vegetables; and it is just this kind of produce that the large number of workers on the peasant farm can raise. The manager of the peasant farm is faced with the task of keeping his fellow workers occupied as fully as possible by an intensive system of labour; whereas on a larger estate the aim must be rather to economize with labour.<sup>1</sup>

From a truly national economic point of view, one can hardly speak of a waste of labour, at least in a country with so limited an area as Germany. In this connexion, special importance attaches to the social fact, already mentioned, that in Germany the proportion of the agricultural population has been slowly but steadily decreasing during the last fifty years, while agricultural production has greatly increased. Thanks to technical improvements, production has undergone a continual increase per head of the agricultural population. In agreement with this fact is the observation that, in general, for some time past, and of late also, the numbers of small farming concerns in the allotment districts have been decreasing owing to the buying up or leasing of land. The tendency towards emphasis on farms of between 25 and 125 acres is connected also with the fact that, for the last 30 to 50 years, the area of the large farming estates has diminished. The family farms with their horse power and machinery have thus on the whole proved themselves the stronger in the struggle for land.

It was thus thanks chiefly to these farms—under the indispensable guidance of highly organized large farming concerns—that before the War, in 1913, only 20 per cent. of the amount of calories necessary for the national sustenance were lacking. But between 1870 and 1914 the population of Germany had increased by 70 per cent., while the standard of living rose. After the War, we may note in anticipation, the increase in production continued. Germany had lost one-eighth of her home territory. In 1935 the population of the diminished Germany equalled that of the Reich before its dismemberment (67 millions). In spite of this fact the same quota of calories is still covered by home production.

<sup>1</sup> Howald, *Switzerland*, p. 32.

The description that has been given here of the general facts and achievements of the German land-tenure system applies on the whole to all Germanic countries of the Continent. The custom of succession is in force from Norway to the Swiss and Austrian Alps, and has spread from these territories to other non-Germanic neighbouring countries. This refers to the countries all round the Baltic from Finland to Lithuania, and, in addition, to the western part of Poland which, with its large German population, was formerly Prussian, and finally to Czechoslovakia, a country which has also an important German minority, especially the highly industrialized districts of Bohemia and Moravia. I shall pay no attention to the special characteristics of the 'parcelling' regions of Western and Central Germany. The report on France will give a certain amount of information on this point.

But for Germany, and to some extent for the whole of Central Europe, the War entirely changed the general economic conditions, and the future of the German land-tenure system depends on the answer to the question whether the damage caused by the War and through the peace treaties can be remedied or not.

Before the War, to emphasize only the most important point, Germany was a country rich in capital. Abundant capital at a low rate of interest flowed into agriculture through an excellently organized credit system. But with one stroke the War made Germany the poorest in capital of all the industrial countries in the world. As a means of assistance foreign credits at a very high rate of interest were granted. Farmers who made use of credits of this kind were doomed from the start. In the meantime Germany, like many other countries, has executed plans for releasing the over-burdened land estates from debt and for lowering the rate of interest on debts already contracted. Short and medium-term credits, with the help of the great co-operative system organized for the last 80 years by the peasant farmers themselves, and of the labour schemes and market revival so energetically carried out by the present government, are more or less restored. But long-term credits still remain extremely scarce.

But above all, the Peace of Versailles ruined world economy and thus one of the strongest supports of German industry. The four World Powers, which, having in the last two generations attained through railway construction and colonization a great ascendancy, carried on the coalition war against Germany, now rule more than 60 per cent. of the earth's surface. They have control of the larger part of the raw materials. But Germany, reduced by the War also to the poorest in raw materials of all industrial countries in the world, finds herself forced by the commercial and monetary policy of these

powers, directed against German industrial goods, to buy the raw materials from those countries with an agio. This means depression in the productivity of German labour. This unfavourable barter relation must in the long run also influence the agricultural income, because the income of the farmers depends on the purchasing power of the industrial and urban population. Pushed away from the markets of the World Powers, Germany is compelled to adopt closer commercial relations with those countries which are the unwilling sharers of her destiny, and which are ready to take without special impediments German manufactured articles in exchange for raw materials. This applies to Central and South America and especially to south-eastern Europe. May I be allowed first to give a short account of the agricultural conditions in this last region?

The Yugoslavs have retained the patriarchal family as the most important unit of human communal life longer than all the other Slav peoples. Under the leadership of the father or the eldest member of the family, several married brothers and sisters and other blood-relations live together in a communal spirit in the household and farm. The fact of 20, 40, or 80 people all living together allows of a considerable division of labour. Every one is familiar with the beautiful woven materials, so delightful with their manifold designs, that are produced by the Yugoslav home industry. The patriarchal family has an effect on agriculture similar to that of the German custom of succession, that is, the preservation of the estate and the maintenance of its efficiency. This was also the reason why the patriarchal families were protected and favoured by the former local rulers or by a foreign State. But in Greater Russia the patriarchal family declined soon after the liberation of the serfs (1872), and in the Balkan countries it declined after the liberation from Turkish rule, the triumphant ideas of economic liberalism allowing each individual to choose his own occupation freely and to keep what he earned for himself. The patriarchal families were then rapidly broken up into individual families, and this process was quickly followed by a tremendous disintegration of real estate, for the legal organization of the patriarchal family is repeated in the individual family. Both are organized on communal lines. The estate, with all its appurtenances, is therefore not the property of the head of the family, to dispose of as he likes, but is the common property of the whole family. When the property is divided, each son obtains an equal share with the father. But this idea of the common ownership of the family is a favourable factor for early marriages and for a large increase of the population. The young men usually bring their

wives into the paternal house at 18 or 19 years of age. On the other hand, the close connexion between home industry and agricultural labour in the patriarchal family has for a long time restricted the development of an urban industrial culture. In Bulgaria, according to the report sent to us from that country, accommodation has to be provided every year for from 45,000 to 50,000 peasant families who wish to remain on the land. The same phenomenon also occurs in Yugoslavia and Poland.

As a result, in the distribution of land, the stress tends continuously to be laid on the smaller and smallest holdings; in marked contrast to the Germanic countries, the numbers of those engaged in agriculture constantly increase, and the larger part of the produce (according to estimate, on an average two-thirds) is consumed by them personally.

The lack of land is aggravated by the multitude of small strips, which enforces the maintenance of a primitive two- or three-field system, mostly with a view to grain-growing. In addition to all this there is, since the War, the same commercial pressure which I stated to be a factor in Germany. The economic surplus of south-eastern Europe, i.e. agricultural surplus, can be disposed of on the chief European market, the British, if at all, only at prices lower than those of the customs- and quota-favoured countries of the Empire. I have already pointed out the inevitable results of this pressure, namely, the close economic inter-relations between Germany and Italy on the one hand and 'intermediate' Europe on the other.

A way seems to be indicated in this direction in which a recovery can be found from the fundamental economic ills from which central Europe is suffering. This is the weakness of its position in world commerce, which has originated in the disintegration of central Europe from the point of view of commercial policy. Before these fundamental ills are removed, specific agricultural reforms can effect no thorough or permanent remedy either in south-eastern Europe or in Germany. If one includes Germany and Italy, central Europe from the Baltic to the Aegean Sea constitutes an area equal to about one-third of that of the United States. This area has 225 million inhabitants whose barter trade is impeded by the customs frontiers of fifteen States. These frontiers correspond roughly to the varied minglings and differences of nationality, in which the great richness of European culture finds expression. No one would dare to advocate the wiping out of these differences. But from the economic point of view and according to the standards of the technique of modern transport, the commercial disintegration of this region is no better

than the situation in Germany before the establishment of the Customs Union. If one supposes merely a system of preferential treatment, such as would lessen the commercial difficulties in central Europe, extraordinary advantages for national and international division of labour present themselves at once. For 'intermediate' Europe is rich in materials in which Germany, Czechoslovakia, and Italy are lacking, namely copper and iron ore, mineral oil, flax and hemp, vegetable oil and albuminous fodder, tobacco, &c; for the extension of more intensive cultivation of the 'intermediate' European countries, and especially the Danube countries, still offers very large room for development. The over-population of rural districts in the Danube countries demands in addition the development of industries for the manufacture of articles in daily use. This will result in still larger markets for the high-class goods of the older industrial regions. Given an improved economic organization, the previously described countries of 'intermediate' Europe are, with an average of 57 inhabitants per square kilometre, certainly not over-populated; they are considerably less densely populated than France (76 per square kilometre), which in turn is scarcely more than half as densely populated as Germany and Italy with populations of 140 and 133 per square kilometre respectively.

The great economic area that is growing up in central Europe means, therefore, a progressive step in organization, not only for central Europe but for the whole civilized world. The disparity between the great natural riches of the four World Powers in European civilization and the lack of conditions for the development of disintegrated central Europe make up the most far-reaching cause of the prolongation of the most difficult of all periods of economic depression. An improved organization of the economic system in central Europe thus offers the possibility of a more regular development of prosperity in all parts of the civilized world. By means of the reorganization of central Europe a foreign trade policy over the whole of the shrunken earth's surface will first be made possible, such as will develop systematically an international exchange of goods, built up on a genuine and not merely formal equality of rights and respect for the needs of all civilized nations. Only when the pressure is thus removed from those nations inhabiting restricted areas, can there be assurance that the social order and its foundation, the agricultural order, can continue to develop regularly and without catastrophic disturbance, in the sense of the words of Freiherr vom Stein: 'The present must be developed out of the past, if it is to be assured of permanence for the future.'