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Price control

(COMPULSORY) SYNDICATES FOR REGULATING AGRICULTURAL PRICES

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GUSTAV SCHMOLLER has put as a motto at the head of his main work the words of Goethe:

Wer nicht von dreitausend Jahren
sich weiss Rechenschaft zu geben,
bleibt im Dunkeln unerfahren,
mag von Tag zu Tage leben.

The price policy in the international crisis of agriculture, the substance and consequences of which I have to deal with to-day, covers only three times three years. And yet the material which has to be mastered in order to give an account of what happened during that period is so comprehensive that one dare not undertake to do justice to the subject even approximately in an oral discourse. I have tried, therefore, to describe the manifold entangled facts in the book which I handed out to the Conference.¹ By that means I hope, having ploughed and harrowed the ground so far as to make it productive, the fruit which it shall bear will be a substantial knowledge of the analysed development and an idea of its consequences.

The compulsory syndicates or cartels which have been gaining ground in agriculture are, I believe, the most important trend of the events of the past decade. I use the term 'syndicate' in the sense in which German economic science applies it to define 'cartels of higher order'. With us, mainly those cartels are called syndicates which organize the marketing of products by a common trading office so as to make it impossible for the individual members to evade the price regulations. Wherever compulsion is exercised to form syndicates, that is to say where it is not left to the individual members to decide for themselves to join or to leave the cartel, it is regularly by the State or on its authority that the organization is carried through. Whether or not a majority vote of those participating is required is not essential for our purpose. It is possible also that special economic advantages granted by the State give such an effective inducement to join a cartel or a syndicate that, despite the juridical liberty, the *de facto* status comes very near to that of the compulsory syndicate.

¹ *Preispolitik in der Weltagrarkrise*. Berlin, 1936.

By laying emphasis on the compulsory syndicate, I believe I am making it more evident what the decisive changes in the marketing of agricultural products have been than if I employed the more usual and not very distinct expression 'planned economy'. It is not a new statement that in agriculture 'planning' inevitably results in the formation of cartels. Three years ago, Astor and Murray¹ stated that, in order to plan agriculture, one cannot think of any other type of organization coming into consideration at all than that of the cartel with its various degrees of possible control.

A review of the most striking features of recent years will prove this point of view. In this review we shall have to distinguish four periods: the pre-War, the War, the post-War depression, and the latest world agricultural crisis, which is the only one with which we shall have to deal in detail. In pre-War literature, the problem whether cartels are at all suited for agriculture was frequently discussed. At that time it was common ground almost unanimously that the immense number of farms concerned, their diversified production, and the dependence of yields on the changes of the weather did not make it advisable to form cartels in agriculture. The co-operative society as a marketing organization usually did not reach far enough to permit of calling them 'cartels', for it is the very basis of cartels that they include all possible producers in a given area in order to dominate markets. A co-operative sales society on the other hand cannot for the most part put into practice by itself such far-reaching aims, and operates in the market as one business organization among others. Only where—as in Denmark—the State indirectly compelled producers to join the co-operative societies by regulating the quality of exports, does the above-mentioned difference between the cartel and the co-operative society cease to be clear cut. A State commanding the participation in co-operatives virtually creates compulsory syndicates.

The organization of the War food administration created compulsory syndicates and State monopolies for the primary foodstuffs in many countries, but soon after the cessation of hostilities they were gradually abolished. The grain monopolies of Switzerland and Norway were preserved the longest of all.

During the years following the great depression of 1921, overseas exporting countries, Australia, New Zealand, South Africa, and Canada, were the countries which developed new organizations for the marketing of agricultural produce, partly following institutions which had been developed in war food administration. Australia kept

¹ *The Planning of Agriculture*. London, Oxford University Press, 1933.

up the Queensland sugar monopoly dating from War-time. Protected by the prohibition of imports, the total output of sugar is bought at fixed prices, and considerably lower prices are charged for all exports. In 1922 Queensland made legal provision to set up pools by majority votes for many more agricultural products and to leave all marketing to these pools. For butter, the Paterson scheme set up a cartel which succeeded in raising the home price and in subsidizing the export trade. New Zealand in 1921 set up marketing boards or a system of export controls for meat, wool, dairy products, and fruit, without being able to maintain a complete prohibition of private export. In South Africa also, from 1924 onwards, nobody but compulsory marketing boards was entitled to export fruit and wine. At that same date the Canadian wheat pool began to organize by voluntary organization about one-half of the wheat production and two-thirds of the exports. The co-operative sales societies which Denmark and Holland had developed for their most important high-grade products in pre-War days, to an extent and on the strict lines almost amounting to a syndicate, maintained their influence and even became more important.

Generally during the years before 1929 export controls with State aid were extended. At the same time direct export premiums had been introduced only in exceptional cases as in Australia, New Zealand, South Africa, and in Poland. Brazil and Japan have taken up valorizations with State aid for coffee and for silk and rice, valorizations which were to be found even before 1914. On the other hand, the import countries tried, only in exceptional cases and on a small scale, to develop supply regulations comparable to cartels. Where they do not concern the finishing industries, they are found chiefly with products difficult to transport, mainly with liquid milk, sugar beet, and vegetables, the supplying of which does not compete with supplies from very distant regions. Examples can be given from Germany, Switzerland, Austria, and Great Britain.

Since the outbreak of the last international crisis of agriculture, in the harder fight for outlets, export premiums have become, if I may say so, respectable. It does not seem to be quite honest that anti-dumping measures are still often fought for with a show of moral indignation. Furthermore, export controls were made more rigid and were more general. But primarily it was compulsory cartels and compulsory syndicates, price pegging, and State monopolies, which increased remarkably. In the beginning, as before 1929, the heavy weight of this development was in the export countries, because for the import countries it was still sufficient, for quite a

while, to fight the price fall by raising the traditional duties and in addition making compulsory the use of home products.

Among the oversea export countries, Australia under the pressure of falling prices introduced a new compulsory regulation only for butter. For the rest she has extended the subsidies for those products like wheat and dairy products, the export of which could no longer be sufficiently financed by taxing home consumption. New Zealand, since 1933, has amalgamated the wheat producers into a compulsory pool which will keep the home price above the price of the world market. Dairying has been subjected to a production control, and the marketing of dairy products in the home market is regulated by the Dairy Board; besides that all export and marketing controls have been amalgamated. The Canadian Government supported the Wheat Pools which had got into serious difficulties, and finally the Pools were replaced by a Wheat Board which has to pay minimum prices. Generally, the Canadian Government has, by the Natural Products Marketing Act, 1934, provided for the setting up of local marketing boards which are charged with the marketing or the marketing control of certain products. Apart from that Canada has provided for deficiency payments which are meant to subsidize unprofitable export and manufacturing. South Africa, whose agricultural production, owing to State aid, exceeded more and more the home demand, has generally granted export premiums and has amalgamated the producers into strict export and marketing organizations, especially for maize, dairy products, and meat; their members are partly compelled to export in order to raise prices in the home market. Argentina has committed the purchase of wheat, maize, linseed, and wine at minimum prices to special committees which to a large extent dispose of the receipts of foreign exchange, and has made way for organizing the selling of cattle and dairy products. In Brazil the defence of the coffee price has been transferred to the Federal Government, and they have gone in for a similar policy of valorization for sugar.

The best known and perhaps also the most important measures are those taken by the United States under the dominating influence of the Secretary of Agriculture, Mr. H. A. Wallace, ever since President Roosevelt entered upon office. The impulse to rationalize the marketing of agricultural products, which in 1929 was given by the Federal Farm Board, and the big purchases of wheat and cotton to which it had been forced, had not been sufficient to put agriculture on an equal footing with other industries and did not even succeed in banishing the danger of bankruptcy for numerous farmers and

banks. The Agricultural Adjustment Programme was built on a whole system of relief measures. Its duty was to give the farmers a fair share of the national income and to raise the purchasing power of agricultural products to the pre-War level. The State was entrusted with directing the necessary adjustment of production and demand; special producers' organizations and marketing boards were formed for its administration. The individual farmers were not forced by law, but they were induced by financial advantages to join the organizations. The advantages were granted only under the condition that production was restricted. The necessary means were raised by a comprehensive taxation of home consumption. Since the Supreme Court declared the raising of processing taxes for this purpose to be unconstitutional, the regulation of production has been carried on mainly for the maintenance of soil fertility.

The exporting Danube States were hit most severely by the price fall because it is vitally necessary for them to sell their cereal surplus remuneratively. They have tried to find a way out by export syndicates, pegging purchases, and State monopolies. But, with their lack of capital and the minor taxable capacity of home consumption, they could at most carry through only a part of their far-reaching purpose and only after having altered their plans in many ways. The scope of action of the Baltic States and Poland is similarly limited, but the bulk of their exports consists of live-stock products. Import monopolies and general marketing monopolies have been introduced mainly for cereals. The premiums for the most important export products—butter and pigs—have reached a considerable height. At the same time export control and the concentration of the export trade in corporations directed or privileged by the State have made very considerable progress.

Holland and Denmark, having been the first and the strongest in developing high-grade production in agriculture for the provision of the neighbouring industrial countries, have tried in different ways to take account of the growing marketing difficulties. Whereas Holland has fixed rigid quotas for the breeding of pigs, cattle, and poultry, has restricted the horticultural acreage, and has built up a comprehensive system for government direction of production and marketing, the Danish export committees mainly serve to distribute the quotas introduced by the importing countries. Only with cattle did the Danish State restrict the stocks, thereby getting rid of sick and useless animals, financing this intervention by a meat tax. The minimum price of butter, the introduction of which had been made possible temporarily by a levy, has been abandoned. As

a matter of fact in Denmark the general feeling still prevails against restricting free competition more than has already been done by the strong position of the marketing co-operatives, but in favour of proceeding with rationalization and the raising of quality. The Irish Free State has been pressed, mainly by the difficulties of export to Great Britain, to fix quotas and prices and at the same time subsidize her exports. Sweden, Norway, and Finland, on the other hand, the dairy production of which depends to a somewhat smaller degree on exports, interfered but little with free competition. In order to carry through their price policy they made use mainly of their well-developed co-operative societies, the efficiency of which was raised by subsidies and partly also by compulsory organizations.

In import countries before 1929 no government compulsion to organize marketing or even production could be found at all. In general, compulsory organizations were not used before 1933. The marketing order of the German Agricultural Estate has, in the first instance, to secure just and, if possible, stable prices and also pay regard to the consumer's position. But in building up its marketing organization it uses the form of compulsory cartels. In some parts of the industry where selling is reserved to special packing stations, we have compulsory syndicates in the narrower sense of the word. In general only prices and marketing conditions were fixed, whereas interference with production was rejected on principle. The price policy of Czechoslovakia shows a remarkable similarity only to particular measures of the Reich, i.e. in fixing quotas for the production of margarine and in regulating the milk market. From monopolizing grain, setting up a syndicate for cattle and quotas for breeding pigs, she finally came to strive towards a centralized direction of the total agricultural production.

It is especially instructive to watch the agricultural policy in Switzerland for protecting the peasantry. In 1929 the cereal monopoly was abolished, and instead the Federation made it its duty to take over home cereals at prices which greatly exceeded the world market price and to pay milling premiums for home consumption. Remunerative marketing of home production was guaranteed not only for cereals but also for eggs and timber, by making it compulsory for importers to accept offers. Cattle breeding and dairying are of decisive importance for the position of the Swiss peasants. It was here especially that the effective demand of the industrial population was reserved for the home producers to provide them with a sufficient income. For this purpose the marketing organizations which had already been formed voluntarily were developed into

compulsory corporations comprising every peasant producer; and no irregular competition is allowed to spring up from without or from within. Thus the prices of feeding stuffs were raised, and finally quotas were set up for milk supplies, for pig- and cattle-breeding, and thereby the former export surpluses of cheese and cattle were reduced. So the existing peasant holdings are maintained in such a way that the receipts from home consumption, dominated on the lines of a syndicate, are allotted to them. Countries exporting animal products, e.g. Holland and Norway, had to consider that kind of regulation first of all for wheat and liquid milk. In Austria its realization was limited by the fact that the country is poor and, owing to her foreign obligations, must rely on continuing her exports. Here, so far, it is only for live stock and dairying that comprehensive marketing regulations and subsidies have been carried through.

Great Britain also is aiming at maintaining her agriculture. The Ottawa Agreements have the *leitmotiv* that home production must be secured first of all and that only then shall a growing share of the imports into the United Kingdom be granted to the Dominions. It is not so difficult to favour home farmers by letting them have a share in the provisioning of the wealthy country, because their numbers are so small and their share in supplying home consumption is rather unimportant. The subsidies conceded to them, which benefit especially wheat and sugar production, therefore raise producers' receipts by higher percentages than they raise retail prices. Nevertheless a limitation of the wheat and sugar subsidies has been necessary to prevent home production increasing to a point where the consumers' burden would be too heavy. Cattle and milk prices are at present subsidized by the Treasury. Permanent subsidies on the lines of the wheat regulation are being considered as soon as the agreements concerning foreign trade will allow. The main point in high-grade production is the development of marketing schemes. The individual producers are amalgamated by majority votes into compulsory cartels and syndicates. This new order is expected to enable the British farmer in future to maintain his position in competing with the foreign producers. It is quite possible to imagine that the goodwill of the farmers to take part in market regulation, which has been common up to now, will weaken if their receipts are continuously raised by subsidies.

There are only a few among the well-known import countries which have not gone in for amalgamating agricultural producers on the lines of cartelization. Notably, reference should be made to

Belgium where, by reason of the close integration of agriculture with other industries and the predominance of the small farms, the incomes of different members of a family come from agricultural as well as from non-agricultural sources. This situation is opposed to a policy of confining the peasantry in an organization which is much like a medieval guild. Moreover, the repeated subdivision of land provides the incentive to make every effort in order to obtain a living for the family.

As can be seen from this survey, we cannot state that compulsory syndicates have already been formed or carried through everywhere for all branches of agriculture. But even where they do not exist the trend is moving towards them now. The existing free cartels and syndicates press for legal compulsion in order to do away with outsiders. The State for the most part can only carry through price fixing and run trade monopolies successfully if the producers are amalgamated; inside existing compulsory cartels it is often the aim and is even necessary to build common selling agencies in order to prevent a possible evasion of regulations. If, following Dr. Taylor's words, we want to throw light upon the road the men of action have taken, we have first of all got to put the question to ourselves, where does the pursuit of this path lead. This means in our case: what outcome would a totalitarian amalgamation of all agricultural branches into compulsory syndicates have? To-day I can only deal with this question in two aspects: (1) are compulsory syndicates a proper instrument for overcoming the economic depression? (2) can they in the long run harmonize with the social structure of agriculture which has prevailed so far, i.e. with family farming?

As long as freedom of trade governed, entrepreneurs and farmers of entirely different and even contradictory outlook worked alongside one another. Economic theory often takes into account only those who adjust their production to prices so as to increase supplies when the price level rises and restrict the quantities offered in the market when profits decrease. This reaction is called 'positive cyclical reaction'. It is nowhere possible on a universal scale, and it can only be imagined where the application of means of production can be altered without special difficulties.

Now, there are in many cases almost unsurmountable obstacles to altering and especially to diminishing capital, chiefly in the heavy industries, while in the family economy there is opposition to dismissing labour. An outstandingly high degree of use of fixed capital, as for instance in the mining and iron industries, makes it essential

to have a high degree of use of existing machinery, corresponding as far as possible to the working capacity. If, with falling prices, production should be restricted, the loss of the total invested capital becomes imminent. People are therefore inclined to go on supplying markets even if receipts turn out to be unfavourable, or they even increase supplies. That means 'anticyclical reaction' in order to reach again a balance between costs and receipts on a higher level of production when costs per unit are decreasing. For that reason the disturbed market is even more over-burdened, prices are cut, and difficulties in finding outlets are increased without eliminating eventually the less efficient enterprises. It is just in order to prevent such development that cartels and syndicates have extended in heavy industry. They follow a policy of stabilizing prices as much as possible and of diminishing their fluctuations, but yet on the whole must take account of positive cyclical reaction.

The family economy, by its very nature, is forced towards anticyclical reaction not by consideration of invested capital but in order to secure income and occupation for the family members whom one cannot throw out. High prices for the products may carry in their train a diminishing of effort, but, most important, a general fall of prices does not result in the least in a shrinking production, but far more on the contrary. Especially when urban economy is in distress, a larger number of people are herded on family farms. From this, the result up to now during times of depression has been an ampler provision of cheaper agricultural products. This prevented too big a cut of real income when nominal wages were being lowered, and over a longer period even partly set free consumers' revenue for other purposes. The whole expansion of world economy during the so-called capitalist-economic system, especially the opening up of non-European territories for settlement, was not carried through without the driving force of family economy, which took no reckoning of the capitalist conception of costs and prices. During times of stagnation the impulses for a new revival were by no means only the result of technical progress or completed commercial organization, but were the result of the anticyclical behaviour of family enterprises as well.

Not every compulsory syndicate, of course, will necessarily suppress all tendencies to make use in the original way of family labour. In times of favourable prices and markets capable of absorbing large quantities of goods, such a danger will scarcely become urgent at all. In the case of price falls the essence of a compulsory syndicate and the function attributed to it by the State result in preventing the

development by restrictions of production or at least by limitations of market supplies. If, for combating a price fall, minimum or fixed prices are decreed, the effect will be the same. In the event of these prices being higher than what they would have amounted to in the free market and in the event of people in fact adhering to them, part of the products will be unsalable, and enterprises burdened by such stocks must in the end restrict production, even though no special orders have been given. Whether it is opportune to form syndicates or to fix prices with State assistance does not depend primarily on economic forces but on the outlook of men. After all, the issue is whether they think it tolerable to leave their destinies to impenetrable marketing processes or whether they expect political power to direct and master the development. So the problem we have to deal with is preponderantly a social one, the problem of obtaining the individual's consent to be placed into a society, a community, the order of which is governed by the State. Whether, with falling prices, the striving towards an orderly restriction of production is reasonable from an economic point of view cannot be affirmed or denied in every case. It depends on the scope and the causes of the price fall.

With a lowering of prices, corresponding to the extension of technical and economic possibilities and kept within relatively moderate limits, a satisfactory equilibrium will return with comparative ease. Its return will take place in the quickest and most favourable way, if—as happened during the last quarter of the nineteenth century—the temporary frictions are not alien to the very being of a free trading economy. Under such conditions, consumers' demand, being capable of expansion, will by and by come into line with supply, aided by these very anticyclical reactions of important economic groups. Such a process may require decades, and numerous establishments may be destroyed, but the scale of destruction need not be extended so far that social ties are loosened. The forthcoming forces of revival will have the effect that new occupational opportunities will spring up for those who have been thrown out of their traditional jobs.

If on the other hand a price fall is connected with the dissolution of vital economic relations, if especially the moral foundations without which liberal policy cannot exist are shaken, an automatic recovery in the once usual way is not to be expected. The crisis will be so heavy and it will last so long that the social foundations of national life are endangered by the ruthless operation of anticyclical reaction. In such a case a selective process will promise almost no

economic advantages. Only by planning distribution of the occupational opportunities which survive and by regulative adjustment of the total supply to the remaining standard of demand, will it be possible to avoid irreparable destruction.

Thereby every possible means is put in operation for a positive cyclical reaction. Its general enforcement in private business life, if connected with a fair distribution of income, can prevent social mischief in difficult situations, but cannot guarantee to do away with stagnation either by itself or by international agreements. Planned restrictions of production cannot bring about a recovery by themselves, much less so if the dynamic tendencies of family economy are handicapped. Public investment becomes more and more important in order to offer sufficient possibilities for employment and to make way for increasing production. Whether in the long run such methods will turn out as fruitful as ampler provision of consumption goods, initiated by the combined efforts of the family, will depend on the character of the investments chosen.

It is by no means easy for the far-reaching activities of States carrying through enormous investments, creating and controlling comprehensive syndicates (necessary though they are for maintaining the social foundations of economic life) to avert economic troubles or even remove the dominating causes. In view of the heavy weight of established institutions, it is even to be feared that their vested interests keep on operating longer and more intensely than social security requires, and there is a danger that they may check the driving forces of a new revival and that they may end by stabilizing depression.

Therein we find our second problem set in the right light, namely, the compatibility of family economy with compulsory syndicates. Cartelization of family enterprises can be seen in substance if not in form in the medieval guilds, and the modern compulsory guilds of handicraft have often in fact acted like compulsory cartels by restricting their members in price fixing or in accepting customers, although it was forbidden by law. There is occasion for grave regret where the regulation interferes very deeply with the capacity of the family enterprises to develop. That, in the extreme, family economy must disappear is made evident by Soviet Russia which abolished by collectivization the independent peasant farms as being incompatible with Bolshevik planned economy, and has left but few functions to the family. As a matter of fact the fundamental problem for the Russian dictators did not consist in restricting agricultural surplus production, but in getting hold of the necessary amount of

cereal and other foodstuffs. During the War, that is to say during a time of specially high national requirements, the countries hit by food shortage conferred this duty on compulsory corporations. The State calling the family father away from wife and children to defend the country and claiming his whole life for the nation certainly could not leave the family economy untouched if it wanted to sustain itself in the fight. Its commandments were willingly followed, or at least endured, as long as everybody could understand that they were vitally necessary for the maintenance of the nation. But only with a great readiness to sacrifice—and even then only within bearable limits and not for a boundless future—can it be expected that rural families will put the requirements of the community in front of the care for the adequate nutrition of their own children and even for the feeding of their cattle. It is true that, even for a longer period, Government pressure may be so efficient that—as in Soviet Russia during recent years—people in the country starve, and even die of hunger, whereas a food supply is secured for the towns which is sufficient to prevent the worst. But that simply means the end of rural family economy. If it is expected that the starving of its children and the pining away of its cattle will continue to endure, it comes to an insoluble conflict with the official orders, and out of that can only result either the evasion and violation of the given instructions, or the destruction of the family economy.

It is not in the least necessary, however, when one is aiming at the reduction of a surplus supply, that every single application of compulsion should come into conflict with the vital foundation of the family economy. If, for instance, it is only the quality of the products offered by the family economy which is prescribed, or if the channels of trade—as, for example, the connexion with appointed dairies—are fixed, this need not lead to serious tension. Even the fixing of a quota for production will not endanger the very nature of the family as long as the total income is at least as high as to allow for the usual expenditures for the children and for the farm. Even where—as actually in Holland and Switzerland—the supplying of a very effective demand is reserved on the whole to the peasant farms, amalgamated and confined like in a guild, then such regulation may ultimately be felt to restrict the growth of the family, if there are no alternatives inside or outside the farms themselves in providing for numerous children. Cartelization and the setting up of quotas as a matter of fact do aim at raising producers' income by supporting prices despite decreasing sales. But whether this is successful depends on consumers' purchasing power from which it

is easy to expect too much if at the same time supply is universally regulated.

In 1930, before the German Cartel-Enquête, the agricultural experts stated just the same difficulties as in pre-War time against the formation of cartels in agriculture: the large number of producers concerned, the diversity of farming, the considerable differences in the quality of goods, and the incalculability of harvests. But up till now, as far as I can see, there is complete lack of reference to the important or even dominating position which family farming has in agriculture. As long as one had to think only of directing the supply to meet an ample and steadily increasing demand into regulated channels, there was no reason for the question whether cartelization is compatible with family economy. Perhaps the problem was discussed how it would be possible to fix reasonable prices where one cannot think of a capitalistic accounting of costs. But already in our day there are obvious cases where the impulse of family farms towards their maintenance and extension is beginning to struggle against compulsory cartelization, especially against the limitation of production or of salable quantities. This contrast becomes perhaps most obvious in the attitude of the native planters opposing rubber restriction. But in European countries as well, offences against set rules or attempts to develop one branch all the more when another branch of the farm is being restricted do not spring up from cold calculating profit-seeking, but from the ambitions of the family which, in the interest of its members, cannot stand too great a limitation of its income. The more numerous the offspring to be provided for, the less the family can do with a rigid restraint on income. As cartelization can be carried through only for each important agricultural product separately, the family farm in areas of diversified agriculture participates in a large number of compulsory organizations. If these, taken together, handicap the use and development of the family forces, the latter will seek for deficiencies in the existing order, and if these are not to be found there will be revolt against compulsory restraint.

A universal and lasting formation into compulsory syndicates, which is meant to restrict supply, will in the end jeopardize the very existence of family economy. That does not mean that radical destruction of family economy, as in Russia, must come about all at once. The family can adjust itself to the restricted possibilities of its development by distributing on its own part the reduced income to fewer participants, that is, by conscious birth control. Moreover, the moral bonds and perceptions hitherto powerful in family life might loosen. As has already been pointed out most

impressively in this Conference, the menace to the rural family arises from other causes than compulsory regulation of marketing or production. The menace is all the more urgent if disintegrating influences are to be felt from different sides simultaneously. With a contrast opening up between syndicate and family, it must be decided whether the marketing and production regulation is to be continued and carried through, or whether family economy and its original determining forces, especially the willingness to bear children, shall be maintained. This decision cannot be found by economic reasoning. Here as in all economic policy the main point is, what values are ultimately thought to be the most imperative for human action. In that, much depends on the place which is given—very emphatically indeed in Christianity—to the family, to its autonomous responsibility for the welfare of its members, and to the exhortation: *crescite et multiplicamini*. It cannot rest with us to take the decision on these ultimate problems. What we want is to make clear the results to which the development of our day is directly leading to when it is perfected.