

## CHAPTER XIII

### FOOD CONTROL IN GERMANY

WHILE England and the United States have endeavored to regulate monopoly by penal statutes, Germany, like Australia, has solved the problem through public ownership of the distributing agencies. And it is only through ownership that the host of speculators, middlemen, and forestallers can be eliminated.

Even before the war the more important agencies of distribution were owned by the empire, the states, or the cities. This has been the policy of Germany especially since the days of Bismarck. It is part of the programme of state socialism which has made Germany so efficient in the war.

Among the agencies owned by the state or the cities for the easy control of the food supply are the following:

(1) The railroads, fast-freight lines, express companies, and parcel-post;

(2) The slaughter-houses, stock-yards, and cold-storage plants;

(3) The markets in the cities; and

(4) In many towns the wholesale purchase and sale of food by the authorities to keep down prices and eliminate speculation.

The transportation agencies of Germany have been operated by the state for a generation. They are run for service and the up-building of all classes within the empire. That is the sole motive of operation. Although the railroads earn over \$200,000,000 annually as net profits, profit has always been secondary. That the German railroads are efficient even the opponents of public ownership in this country admit. They are operated to help industry, to build up agriculture; and none of the greater nations have done as much for scientific agriculture as has Germany. And the railroads have contributed greatly to the ability of that country to feed itself. No one, least of all the railway officials, would listen for a moment to the suggestion that farm produce for Hamburg, on the North Sea, should be brought from East Prussia because it would benefit the railroads or that municipal markets should not be started because it would injure the retail butcher or grocer and depreciate real-estate values. Nor would the protest of private interests against public abattoirs be seriously listened to by parliament or the city council, nor would any limitations on the size or kind of packages that can be carried by parcel-post be permitted.

As a result of this policy Hamburg is fed by farmers and market-gardeners round about Hamburg. Berlin is fed through the intensive cultivation of the land around Berlin. And every provision is

made to encourage such local food supply, including even cattle, hogs, and sheep.

The parcel-post is a marketing agency widely used for feeding the urban population without the intervention of any dealers or middlemen. Some years ago, in company with a group of American visitors, I attended a private dinner-party given by a member of the Reichstag in Berlin. As we entered the dining-room our hostess pointed to the flowers upon the table, and said: "These fresh flowers were brought this morning by the postman. Not only that, but the vegetables, eggs, butter, poultry, in fact, all of the fresh food for the dinner, came by parcel-post. I buy most of my supplies in this way from a farmer who lives many miles out in the country. He comes to Berlin three or four times a year; he calls on all of his customers, who give him standing orders, which he fills three or four times a week. The deliveries are made in a few hours by parcel-post, almost as fresh as when they left the garden. If I want to give a dinner-party I send him a postal card or call him on the telephone. That is the way I do my marketing."

The parcel-post is used as a marketing agency all over Germany and tens of millions of food packages are distributed yearly by this means. There are no middlemen at all; no one but the farmer and the *Hausfrau*.

Almost every city, too, owns its own slaughter-

house. All meat must be slaughtered in the public abattoir. There are no private packing monopolies. Private slaughtering is not permitted. All animals intended for food purposes are slaughtered under the strictest police and veterinary surveillance. The whole subject is covered by a special code of rules which went into effect in 1903. The farmers bring in their cattle to the nearest town; they are there examined by skilled veterinaries who are specially trained and examined for that calling. The most humane methods of killing have been adopted, while the sanitary rules are very stringent. And instead of the slaughtering of meat being concentrated in a few cities, as it is in this country, and under the control of five or six great companies organized as a trust, there were in 1914 over 1,000 public slaughter-houses of which at least 100 had stock-yards in connection with them. This was in a country about the size of Texas and with two-thirds of our population. These abattoirs are elaborate and costly institutions. Many new ones have been built in recent years. They are constructed of concrete or brick, are designed with great care, and some of them are almost as artistically planned as a garden village. They are as clean and wholesome as constant flushings can make them. The cities take pride in their slaughter-houses as they do in their schools or other public structures. In a report on the municipal markets and slaughter-houses in Eu-

rope, published by the Department of Commerce and Labor in 1910, we find the following report by United States consulates:

“The Barmen establishment is a model of its kind and is modern in every way in its construction. It was built in 1894 at a cost of 3,500,000 marks (\$833,000). . . . The ventilation is perfect and so effective that not the slightest odor is noticeable.

“The Berlin abattoir, located in the northern part of the city, was built in 1881 at a cost of over \$4,250,000 and covers an area of nearly 115 acres. It is regarded as one of the model institutions of its kind in Germany and one in which the most modern hygienic methods are used.

“In the municipal meat-inspection department 657 persons were employed, including one director, 47 veterinary surgeons, 15 assistant veterinary surgeons, 14 section superintendents for the trichina department, 26 assistant superintendents, 121 male microscopists and 120 female, etc.”

Consul-General T. St. John Gaffney describes the municipal slaughter-house in Dresden as follows:

“Dresden has completed the erection of a model slaughter-house the construction of which covered a period of four years and which cost \$4,300,000. There are 68 buildings which are not only the largest from point of size but also the most modern in matter of equipment perhaps in all Europe.”

The Dresden abattoir was completed in 1910. It lies just outside of the city. It is located on the river Elbe and is connected with the railroad.

Live meat is driven in from the neighborhood or is brought in by water or rail. The cattle, hogs, and sheep are either sold on the hoof to the local butcher or the meat is sold at retail to buyers. The abattoir is built of concrete. It includes a great cold-storage plant. There is a fine hotel and administration building attached, and the entire floor space, covering about 94 acres of land, is paved with cement so that it can be flushed with the use of a hose. The place is so clean that a woman can walk about the place in the daintiest clothes.

The slaughtering of cattle, like the transportation of all food, is under exclusive public control. There is little chance for monopoly because combination is very difficult. The farmers and butchers barter in the open. Cold-storage facilities can be rented by any one, for they, too, are public. There is thus no chance for the middleman. The price is fixed by demand and supply from day to day, with only the local butcher between the consumer and the farmer. Moreover, everything is sanitary. One of the impelling reasons for public slaughtering is to insure wholesome meat.

Here is another link in the chain of publicly owned institutions for insuring freedom from monopoly of the food supply of the nation. And nothing contributes more to diversified farming and the local supply of meat in every community than municipal abattoirs. Every farmer raises cattle, sheep, and

hogs. The farm is kept in a high state of fertility in consequence, while the farmer's income is supplemented by the sales of live stock.

Abattoirs are not operated for profit. The fees charged may only cover the cost of construction and operation. Over one-third of the public slaughter-houses of Germany show profits of from 4 per cent. to 6 per cent. and one-quarter of them show profits of from 6 per cent. to 8 per cent.

As a matter of fact, the United States is the only nation in which private slaughtering is permitted, with the possible exceptions of Great Britain and Turkey. But even in Great Britain many cities own their abattoirs. Switzerland has possessed public slaughter-houses for centuries, as have Holland, Denmark, Scandinavia, the Balkan States, Austria-Hungary, and Russia. Napoleon compelled all French towns to close their private slaughter-houses and erect public ones. And many of the French abattoirs are splendidly constructed. Italy and Spain have had public abattoirs since the Middle Ages, and in recent years these have been greatly improved. The Swiss, Dutch, and Scandinavian cities have in recent years erected abattoirs that are comparable to those in Germany.

The market is also a public institution in almost all European cities and has been for centuries. This still further prevents speculation in food supplies. It offers a place for the sale of fresh vegetables

and foodstuffs of all kinds. In almost every German town there is an open market in or near the public square which is used in the early morning and then cleared away at nine or ten o'clock. Large enclosed markets are also found in most of the cities in which vegetables, meat, fish, and other farm produce are sold. In Berlin there are fifteen such markets. These local market-halls are usually supplied from a central wholesale terminal market, located upon the railroad, river, or waterway, into which food is brought by the farmers and sold at public auction or at private sale to the retailers. The municipal markets frequently have ice plants and cold-storage plants attached in which space can be rented as in a safety-deposit vault. The public authorities supervise the markets and the dealers to insure proper prices and sanitary conditions.

In addition to the public ownership of all of the agencies for the handling of food, price regulation was quite common even before the war. The price of bread was regulated by municipal authorities. Food monopolies have been broken down in some cities by this process, while a number of municipal bakeries have been erected. In 1910, for instance, certain octroi duties or custom taxes on food entering the cities, which had been imposed by the imperial customs tariff law of 1902, were abolished. Butchers did not reduce the price of meat in consequence, and the local authorities stepped in and



either established, or threatened to establish, public meat-markets. The desired results were secured. In Stuttgart prices for meat, uniform for the whole city, were fixed monthly by a joint committee of representatives of the town council and the butchers' guild.

Some towns have long dealt directly in milk and other farm produce. The reason assigned for the municipal sale of milk is to reduce infant mortality. Berlin owns dairies on the municipal irrigation farms—the same farms which supply the city's institutions and poor relief. The milk is distributed from seventy centres, usually schools. Dortmund has a model municipal dairy for the use of its public institutions. Bielefeld subsidizes a co-operative dairy company and provides it with kiosks for the sale of milk and carts to carry it to the working-class sections of the town. Labor organizations and co-operative societies sometimes share with the town in the cost of establishing such services. The central municipal milk depot of Mannheim obtains its supplies from co-operative dairies.

Leipzig, Ulm, Magdeburg, and other cities carry on dairy-farming and stock-breeding on a commercial basis. The city of Stuttgart encourages the formation of co-operative societies of consumers for the purchase of milk direct from the producer. This city intended at first to undertake the business of itself distributing milk, but finally decided

on the other plan as a compromise method of eliminating the middleman.

In the years 1911-12, when there was a shortage of meat in Germany, many cities engaged directly in the meat business. The wide administrative powers possessed by the cities made it easy to do so, and the towns were encouraged in this action by the state governments. In Prussia the state urged the towns "to take steps to induce butchers to sell meat at reasonable prices or, failing this, to set up their own meat depots, to obtain supplies of cheap fish and sell them in public markets, and to insure regular and abundant supplies of vegetables and other foodstuffs, so that the daily food outlay of the working classes might be reduced."

Encouraged by the government, over 200 towns in all parts of the country contracted for supplies of foreign meat. The Berlin statistical office made inquiries in 1913 among 62 important towns and found that 60 of them, with a combined population of over 15,000,000, had organized their meat supply in 1911 and 1912 for the purpose of relieving the scarcity of meat and moderating its price. Foreign meat was purchased in quantities from Russia, Holland, Roumania, and other countries. Sometimes meat was sold direct to the public and sometimes through butchers at prices agreed upon by the municipal authorities. The city of Berlin sold \$1,875,000 worth

of meat in this way. The public got the meat 20 to 30 per cent. cheaper than fresh domestic meat, yet the undertaking was carried on at a profit in almost all cases. Occasionally a town reported small losses. A few towns like Offenbach-on-Main did not stop with these measures but continued systematically in the meat business. Offenbach opened shops and established a sausage factory. Other cities began pig-fattening and rabbit-breeding on an extensive scale or gave financial assistance to co-operative societies and individuals who did so, on condition that they sold a certain amount of produce annually to the people of the city. Other towns entered upon contracts with farmers' organizations and chambers of agriculture for the supply of definite quantities of meat at fixed times.

An even larger number of town councils did effective work in reducing the cost of living by purchasing sea-fish and selling it practically at cost. In the same way vegetables and potatoes were sold at cost at public depots.<sup>1</sup>

Before the war the advisability of continuing such activities as a permanent feature of municipal administration was a debated question, although it had been proved conclusively that when necessary they could be carried on by cities without loss and to the advantage of large sections of the population.

<sup>1</sup> Dawson, *Municipal Administration in German Cities*, pp. 224-245.

As a matter of fact, many of the arrangements devised as temporary relief have been put on a permanent basis.

When the war came, therefore, the groundwork had been laid for an efficient control of the food supply. General measures for conserving the supply were under the control of the federal council, but the cities did effective work in co-operating and in distributing the food among their inhabitants in accordance with the new regulations.

Early in 1915 all stocks of wheat, corn, and flour were seized by order of the federal council, with the understanding that they would be distributed among the cities according to population. All business transactions in these commodities were forbidden from January 26 on. Municipalities were charged with the duty of setting aside suitable supplies of preserved meat. Owners of corn were to report their stocks immediately, which were requisitioned by the government at a fixed price. A government distribution office was established for the regulation of consumption and the proper distribution of the stocks among communities. Other measures of a less drastic nature had been adopted by the federal council previously.

In the middle of February, 1915, the federal council expropriated all the domestic stock of oats, with the exception of seed oats and the grain necessary for fodder for horses. They also fixed the

maximum price of oats at \$12.50 per metric ton. In March, 1915, the *Frankfurter Zeitung* reported that the government had decided to seize and regulate the distribution of oil-cake and other manufactured fodder in which it was said prices had been forced up by speculators. Also the number of pigs in the country was to be reduced from over 25,000,000 to about 18,000,000 to provide a supply of meat for the cities.

In July, 1915, the military authorities of Bavaria issued an ordinance providing for a year's imprisonment of any dealer charging excessive prices for articles of daily consumption, including food, heating, and lighting substances. A similar penalty was provided for those withholding stocks from sale in order to secure higher prices and for retailers refusing to sell to intending purchasers.

In regulating the prices of grain and fodder the country was divided into four districts in which prices varied according to local conditions. Corn prices remained about the same as before. Prices of rye were fixed at \$55 per ton (220 marks) for the Berlin district; 215 marks for the eastern district; 230 marks for the western district. The price of wheat was fixed at \$10 above rye, with an increase at a certain date of  $1\frac{1}{2}$  marks every two weeks. Barley as fodder and oats were placed under a uniform price throughout the empire.

The Vienna government confiscated the 1915

vegetable crop, including peas, lentils, and beans, to prevent speculation and reduce the high prices.

The city council of Hamburg appropriated 12,000,000,000 marks in February, 1915, with which to purchase a supply of foodstuffs, fodder, and other articles, that the city might be prepared for eventualities. A commission was appointed to have charge of obtaining these stores.

Smoked meat is sold by the city of Charlottenburg in thirty-two publicly announced places, according to the *Kommunale Rundschau*.<sup>1</sup> None of this meat is sold to butchers or dealers. In the thirty-two places designated by the city no other meat than that dealt in by the city may be sold. Each purchaser may obtain a maximum of only four pounds, and the meat may not be resold. Prices are fixed for the various kinds of meat. Charlottenburg also sells potatoes and potato-flour through certain dealers at fixed prices.

Municipal meat and fish halls were established in Wilmersdorf several years ago. One of the chief purposes of the fish halls was to stimulate the use of cheap sea-fish. The purpose of the meat hall was to moderate the price of meat. In this case what was begun as a temporary enterprise at a time of high meat prices was kept as a permanent institution during the war.

The undertakings of the little town of Ostrowo,

<sup>1</sup> Issue of June 21, 1915.

in East Prussia, with 16,000 inhabitants, in the business of purveying food are typical of what many of the German cities accomplished. Early in the war this city began laying in stocks for its people in spite of its nearness to the Russian border. The city appropriated over 300,000 marks to secure a supply of bacon, fat, etc. The money was appropriated from the city treasury. When the Russian invasion threatened in November, 1914, the city moved a part of their stores inland. The city secured a large part of its stocks from the Central Purchasing Company in Berlin, in whose warehouses the goods were left till needed, on payment of a small storage fee. The food was sold direct to the consumer in the town hall, abattoir, and market hall. Some of it was sold through butchers and merchants on city account at prices fixed by the city. Purchasers were restricted to inhabitants of the city, partly to prevent dealers from selling to people in neighboring places at higher prices. The city council also made agreements with egg-dealers to purchase eggs at 1.40 marks per *mandel* (16 eggs), to be delivered by them every week. The eggs were then sold to the inhabitants at the same price. The city also began the selling of sea-fish early in the war and kept it up till the hot months, when it was discontinued till the following fall. These were sold through butchers and merchants, who were given a modest commission. The city also sold

fish from its own lakes. If bought at the lake shore they were released at very low prices. From all these transactions the city has sustained no loss. On the contrary, it managed to make money, out of which it bought a refrigerating-plant for the municipal abattoir, with a capacity for freezing 900 *zentner* of meat. The rest of the profits went to poor relief. These enterprises of the city have had a salutary effect on the prices of all food in the town.<sup>1</sup>

The difference between the German and the American method of controlling prices is this: Germany realizes that the state must own certain things, such as railroads, terminals, slaughter-houses, etc., and operate them for service so that the circulatory system of the nation shall be free from private interests; while we in the United States make no distinction between such industries, which are natural monopolies and competitive business, and cling to the idea that competition will somehow regulate prices. And when we discover that competition does not operate and that monopoly appropriates the field, we attempt to regulate the abuses of monopoly by fines, imprisonments, and criminal proceedings against offenders. We create and legalize monopoly by the methods we adopt; while Germany uses a surgical operation and cuts out the parasitical agencies that gather around the

<sup>1</sup> *Kommunale Rundschau*, October 11, 1915.



natural monopolies. In consequence the food supply of the nation moves freely in response to the needs of the people. The only middleman is the government itself.

It is now proposed that the Federal Government create an even more elaborate system of regulation of price-fixing, etc. But such a programme would require an army of men to regulate the food supply of 100,000,000 people. And cost far more to provide such regulation than would pay interest on the property of the packers, of cold-storage and terminal warehouses all over the country. If these agencies were owned by the public they would be self-supporting just as they are to-day. They would cost the government nothing to maintain. Then they would be open and public. Conspiracies would be very difficult as would the forestalling of food to increase the price artificially. If every farmer, jobber, and retailer could place his own food in storage the law of demand and supply would regulate prices all through the year, just as it does for non-perishable stuff, such as clothing, furniture, watches, automobiles, etc. But what is far more important, with these agencies in public hands production would be encouraged. Facilities would be offered to market local produce. There would be an end to the conflict which now prevails between the railroads and the local farmer. And this conflict is far more costly than speculation. It discourages agri-

culture in the Eastern States and often ultimately destroys it. This is the unseen cost of private ownership in this field. It cannot be measured. But it is one of the prime causes for the decay of farming, of stock-raising, of dairying, and of market-gardening all around our cities and particularly in the East.