

GERMANY REVISITED

Second Impressions

By W. R. LESTER

In the spring of 1922 I visited Germany and recorded some impressions in the August number of LAND & LIBERTY. Having just returned from a second visit, some further notes may not be out of place.

In most ways conditions in Germany have rapidly changed for the worse. The mark has fallen from 2,500 to 33,000 to the £. Prices in general have risen by at least fifteen-fold, while wages and salaries have not correspondingly followed. The outlook on life, as expressed in conversations and manner by people one meets, seems to be more hopeless and the conditions of life become more and more impossible. From frequent inquiries made it seems that the wage of the unskilled labourer is now from 1,000 marks to 1,200 daily, while the skilled mechanic earns about 1,500 marks, and the lower Government officials, such as policemen and postmen, about 800 marks. The lot of these last is worst of all. They cannot afford the daily paper, which sells at the ridiculously low price of 12 marks, nor an ordinary ride by bus. A machinist at present employed at Krupp's Works in Essen showed me his paysheet for 10 days' work. It amounted to 14,500 marks. At the then current rate of exchange this is equivalent to 10s. But as the internal purchasing power of the mark is about three times its external, it really amounts to 30s., or say 3s. per working day. He was a married man with one child, and I was not surprised at his blank despair of finding food and clothing for his family.

At first sight one is surprised that wages are at such a point, seeing that employment is still good. With the margin of unemployment still low, wages ought to be high, and I should say would be, but for the rapid decline in the purchasing power of the mark which wages fail to overtake. All wages are revised fortnightly in the effort to keep pace with the fall in the mark's purchasing power. But so far it has always been a stern chase, as prices rise before the increased wage becomes due. The falling mark has meant lower wages. At present one pound of margarine costs 1,300 marks, one pound of butter 1,700 marks, one pair of workmen's boots 15,000 marks, and a suit of clothes about 80,000 marks. A simple calculation will show that a skilled worker must work nearly one day before he can get one pound of margarine, more than one day for a pound of butter, ten days for a pair of boots, and nearly two months for a suit of clothes! If this is the plight of the skilled worker, it is hard to see how the small Government official, with half his wage, continues to exist at all. I was assured that very few or any of them ever see such things as meat or milk. Since my visit in the spring things have in every way changed for the worse. How far such conditions may account for the general complaint that the output per man in all industries has greatly fallen I am not in a position to say. But it would not be unreasonable to suppose that under-nourishment has something to do with the matter, and when we add to this the disinclination of intelligent men to do their best when they know that the more they produce the more will their late enemies take from them under the Treaty of Versailles, I for one cannot affect surprise at the low output realized. My son, who is now at work in a Berlin factory, had not been long there before he was pointedly told by his shop mates that it would be good for his health to slow down considerably, and this is very unlike the German mechanic as I knew him in days gone by. Some of these men to whom I spoke vehemently assured me that instead of working harder, they ought to do less and less; in fact, that two days a week is all they should work, and is the only way to get their necks out of the noose the Allies have got round them. The Germans are by nature a most industrious people, and such incidents drive home to one the demoralization they are now undergoing—a demoralization

from which not only Germans, but the whole world must suffer.

One might here indulge in interesting reflections. The German worker is skilful, there is little unemployment, and the wealth he produces must very much exceed what his wages enable him to buy. Who, then, gets the difference? Even under pre-war conditions the workers' wage did not equal the value of his services, but the steady inflation of the currency seems to be responsible for the present still greater disparity. Wages are adjusted once every fortnight in accordance with the general price level at the beginning of that fortnight. If during that period the mark falls in value (*i.e.*, prices rise), real wages, in terms of goods, have in fact been reduced, and employers who pay these wages have made a corresponding gain. So long as the mark continues to depreciate this special gain, over and above what the employer can normally command, continues, and accounts for the complacency with which we are told German "big industry" regard continual inflation. Since it also means rising prices, it offers a strong inducement to the industrialists to make forward contracts, and to put their gains into extension or improvement of factories. In these ways it is also an artificial stimulant to employment in general. Thus the steady inflation of money may at the same time account for the low real wage and the great demand for labour. No doubt a continuance of these special conditions will bring another factor into play, for they will express themselves in great demand for industrial land and in higher land values, so that the advantage will not remain with the industrialist as such, but will tend to be taken by those who appropriate economic rent.

When one looks at this question from the other side one can also see how, if deflation of the mark were to start, it would bring the present boom in German industry to an end and would put a stop to the power of Big Business to levy this special tribute on wage-earners. For if, through deflation, the purchasing power of the mark were to steadily rise, the wage-earner would be placed on the other side of the hedge. Before the end of every fortnight his real wage would be higher than it was at the beginning, and the special advantage the employer now enjoys would disappear. But the worker would quickly lose this favoured position, for on a falling market confidence vanishes, no one makes forward contracts if he can avoid them, business slows down and men are thrown out of work. It was reported in the Press that for a short time during December, 1922, when the mark fell from 40,000 to 25,000 to the £, these symptoms actually did appear. Opposition to proposals for deflation is therefore understandable.

The visitor is at first more than ever puzzled to account for the contrasts which stare him in the face. As was the case earlier in the year, he still sees the shops full of wares (many of them of a taste and design surpassing anything to be seen at home), the cafés are full of customers, the theatres and operas crowded to the doors, and on the streets comfortably though plainly dressed people. The explanation, I think, still is that, with values falling from day to day, not even the careful German people now think of saving, and is wise in its generation. The ordinary man takes good care to spend what money he gets before it loses all value. Moreover, most people, and especially the middle classes, are forced to live on their capital, and this appearance of good trade is the result, though it is quite unhealthy and cannot last. The belongings of those who possess anything must come to an end, and the real state of matters will then be disclosed. This is the heaven-sent opportunity of the crowd of foreigners who are buying up everything in Germany that they can lay hands on at, to them, ridiculous prices. One meets them in shoals everywhere. It is these people, one is told, who crowd the luxury stores and high-class restaurants.

All classes take part in this process of realizing possessions and capital. Land, houses, mines and factories are passing

into foreign hands. In towns like Wiesbaden and Frankfurt, official figures show that one-quarter to one-half of the dwelling-houses have already been sold to foreign speculators at bargain prices. Germans declare that a helot Germany is in the making. From this point of view the Rent Restriction Act is regarded as a great calamity, for it accelerates the process as regards dwelling-houses. House-owners' return on their investment is restricted by law; they being by stress of circumstances, impelled to realize their property sell at knock-out prices. Foreigners consider this a good speculation, for the investments will give an excellent return whenever the rent restrictions are removed. But the German owners cannot wait for that day, and so the foreigner comes into possession. In regard to Industrial Securities, so high an authority as Helfferich has stated that one-third of the total is now held abroad.

I am not satisfied with the view of an English lady who told me that all is well in Germany because she herself could get everything she wanted in her first-class hotel. I was brought to the Berlin University and to a large students' eating-house. It would seem that the student who can continue his studies without help is now almost non-existent. Almost without exception they have to earn their fees by work in factories or by outside teaching, and the Professor's lot is quite as hard.

The German, more than any other, used to be in practice an internationalist. Without the least provocation he spoke and wrote to foreigners in their own languages; he adopted foreign customs, settled in foreign countries, and patronized foreign goods with the greatest of freedom. So far as I can see all this has passed away, and the German is driven back into himself. This is an aftermath of war. The wave of nationalism which has submerged all peoples has not passed Germany by, and it leaves its mark in ways like this. The German has been swept from his internationalism and has become a red-hot nationalist. It is a change for the worse. His present isolation also stimulates this tendency. His conquerors affect to treat him as a pariah, the present adverse rates of exchange make foreign travel for himself impossible, international commerce has declined, and resentment at the terms of the Versailles Treaty is intense.

More than once I was asked whether I thought it fair that special charges should be made on foreigners in Germany. On these occasions my reply was that, considering, through some jugglery of the exchanges, I was being fed, housed, entertained and instructed by Germans at one-fourth of cost price, I felt that my position was very much that of the licensed brigand, for somebody must be making good the difference, and that "somebody" I strongly suspected was the German taxpayer, including the questioner himself. I, therefore, was quite willing to pay up reasonably—and keep smiling. The answer seemed to please.

Here are samples of some items in my expenditure translated into English money, and in view of them the answer was a fair one:—

	s.	d.
Second-class fare, Essen to Berlin (280 miles)	1	0
Four-course dinner, with Rhine wine, in the best Hanover hotel	0	8
Visit of two persons to Potsdam (15 miles each way from Berlin), including two second-class fares and two teas	1	3
Dress Circle in Charlottenburg Opera House	1	0
Tea and cake in restaurant car	0	1

It may be interesting to say that at the Royal Opera in Berlin foreigners are charged five times the rates for Germans and in Hanover ten times. But even at that an Englishman only pays for the dress circle the equivalent of 4s. 6d. in the former and 3s. in the latter.

Regarding public attitude on reparations, allied action since the Armistice, England and France, it appeared to me to be much the same as six months ago, though mental

depression and hopelessness of outlook are more in evidence. "We were beaten, and must therefore suffer," I often heard that said. But then the German people want to know how far the punishment is to go, and that they have never yet been told. "We recognize our duty to pay what is possible, but you have never named a sum." "You said you would abide by a plebiscite in Silesia, and when the vote went in our favour you passed it by."

As to the Hohenzollerns, I did not find a man to say a good word for them, but many believe the Republic is very shaky and that Monarchy or Dictatorship in some form will return. "You said you would not make peace with the Hohenzollerns, but only with the German people. Now that these people have overthrown the Hohenzollerns you could not have treated them worse. Oh, for a real man, a dictator to rule us!" Such are the things one hears, and they express, I fancy, what most people are thinking. Still, as before, scarcely a word of bitterness against England did I hear. They seem still to look to England for that fairplay which is in her own true interest. For if Germany finally goes down, she will not go down alone. The self-respect of a great people cannot be annihilated without terrible consequences, and Europe will pay the price. Despite all, I am convinced it is not too late to repair the past. The impression I gathered was that the German people would welcome reconciliation. They are ready for it and waiting. Now is a splendid opportunity for doing the big thing, for holding out the hand of friendship. Millions were poured out on an unscrupulous War Propaganda, and the effects are hard to remove. Might not a fraction of that sum spent in a campaign of reconciliation be the most paying investment England could now make?

AGRICULTURAL LABOURERS' WAGES

In reply to a question asked in the House of Commons by Colonel Wedgwood, M.P., on 30th November, 1922, Sir Robert Sanders, M.P., the new Minister of Agriculture, gave some interesting information as to the current weekly wages of ordinary agricultural labourers, who have to provide their own food, in the various counties of England. These wages differ considerably in different counties, ranging from 35s. in Durham and 32s. in Northumberland to 25s. in such counties as Oxfordshire and Warwickshire.

How comes it that in the two former counties the wages are more than a quarter as much again as those in the two latter counties? No one would suggest that either the soil or the climate is more generous to agriculture in Durham and Northumberland than in Oxfordshire or Warwickshire. The explanation is that in Durham and Northumberland there are near at hand alternative opportunities of livelihood in mining, shipbuilding and various other industries, so that the farmers have to give relatively high wages in order to retain the agricultural labourers for agriculture, while in Oxfordshire and Warwickshire there is a comparative absence of such alternative opportunities, so that the agricultural labourers' wages can be kept relatively low. These considerations are also the key to the differences of agricultural labourers' wages in the other counties.

Thus the policy of improving the position and prospects of the agricultural labourers, particularly where agriculture is the main industry, should be to open up new opportunities for them, by enabling them to get land for themselves on fair terms, and by facilitating such developments as cultivation under glass, which would give them extended opportunities of working for wages. And the first step towards securing these results is to tax and rate those who hold the land on the market value of the land that they hold, whether they are using it or not, so as to bring unused land into the market, and to untax and unrate improvements, so as to encourage the putting up of glass houses and the like.