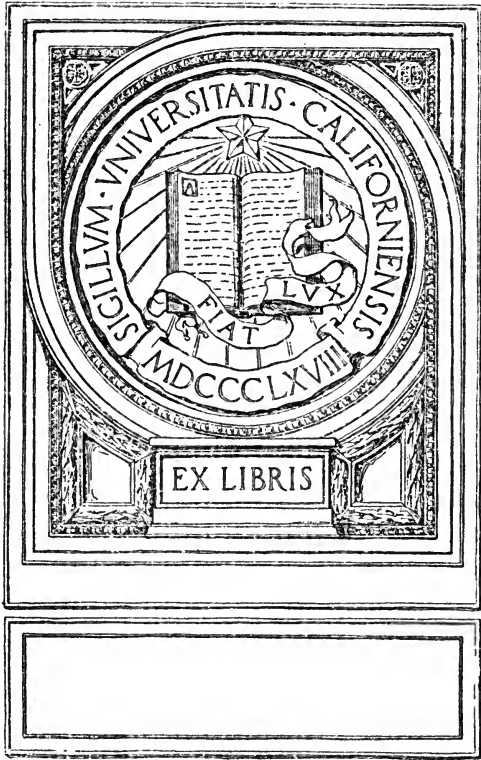


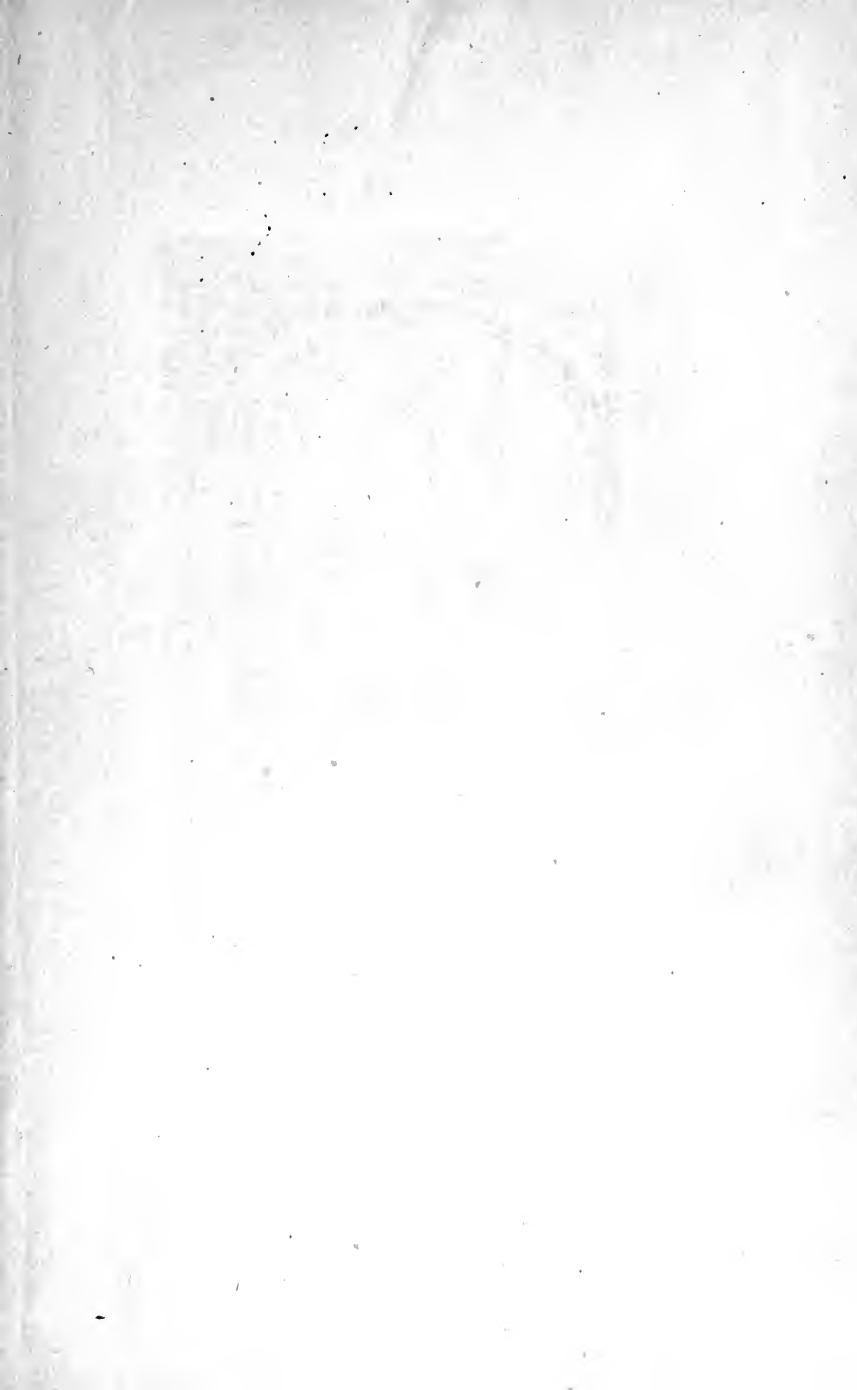
GERMANY  
AS IT IS  
TODAY  

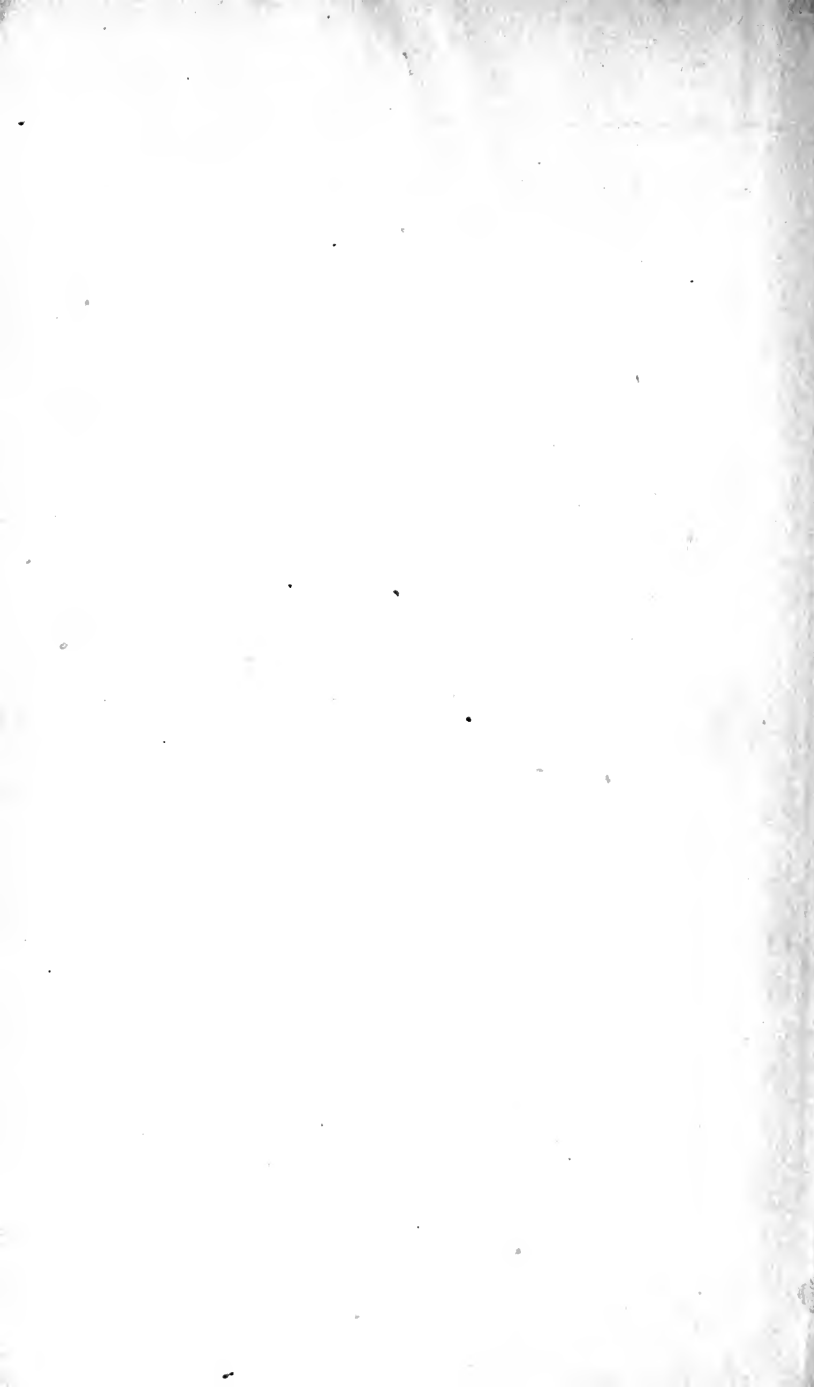
---

CYRIL BROWN











# GERMANY AS IT IS TODAY

BY

CYRIL BROWN

*The "New York World's" Staff Correspondent at the Front*

THE  
UNIVERSITY OF  
CALIFORNIA

NEW YORK  
GEORGE H. DORAN COMPANY

HC 286  
2  
B8

**COPYRIGHT, 1918,  
BY GEORGE H. DORAN COMPANY**

TO THE  
LIBRARY OF  
CONGRESS

**COPYRIGHT, 1918, BY THE PRESS PUBLISHING CO.**

---

**PRINTED IN THE UNITED STATES OF AMERICA**

# CONTENTS

## PART I: WAR ECONOMY

CHAPTER		PAGE
I	GERMANY'S BALANCE SHEET IN 1918	9
II	THE FOOD PROBLEM AND GENERAL FOOD CONDITIONS . . . . .	30
III	DETAILED ANALYSIS OF FOOD CON- DITIONS . . . . .	58
IV	GERMAN FOOD STRATEGY . . . . .	73
V	FOOD SHORTAGE EVILS . . . . .	90
VI	THE CLOTHING PROBLEM . . . . .	103
VII	THE PROBLEM OF RAW MATERIALS AND WAR MATERIAL PRODUCTION	117
VIII	COAL SHORTAGE AND TRANSPORTA- TION PROBLEMS . . . . .	132
IX	THE MAN-POWER PROBLEM . . . . .	159
X	THE NEW STATE SOCIALISM . . . . .	178
XI	GERMAN ORGANISATION AND OVER- ORGANISATION . . . . .	192
XII	ECONOMIC STRATEGY . . . . .	204
XIII	HIGH PRICES AND INFLATION . . . . .	220
XIV	FINANCIAL PHENOMENA UNDER STATE SOCIALISM . . . . .	233

---

CHAPTER	PAGE
XV IMPERIAL WAR FINANCE AND FINANCIAL STRATEGY . . . .	249
XVI PEACE PREPAREDNESS . . . .	268

## PART II: WAR SOCIOLOGY

XVII DEGENERATION . . . . .	291
XVIII DEGENERATION ( <i>Continued</i> ) . . . .	306
XIX THE CHANGING SOCIAL ORDER . . . .	324

**PART I: WAR ECONOMY**

Digitized by the Internet Archive  
in 2007 with funding from  
Microsoft Corporation

# GERMANY AS IT IS TODAY

## PART I: WAR ECONOMY

### CHAPTER I

#### GERMANY'S BALANCE SHEET IN 1918

**C**HANGING Germany is, in 1918, passing through an inescapable evolution in which the sharply rising power curve has seemingly reached an iron limit and now wavers, with minor vacillations, along a level line of indeterminate length toward the downward-turning point; the pinnacle of power—the threshold of the Decline. The metamorphosis of Germany into a fighting State is complete; the maximum of fighting power has been attained and is maintained with increasing difficulty; beyond lies militarism's decadence.

No department of life has escaped the revolutionary war change; a revolution with

a clearly defined purpose, enforced by military necessity and accomplished under iron discipline, accelerated by the ambitious Hindenburg programme and brought to dramatic climax by America's entry into the war. All Germany is today perfectly organised to the point of overorganisation for fighting only; all Germany's resources, human and material, are directly, or indirectly, enlisted for fighting on indefinitely—already thrown into the melting pot of military power, or duly inventoried, card indexed, as known mobilisable reserves.

It is as if bankrupt peace-time Germany, voluntarily gone into the hands of the Receiver War, had been forced through a process of ruthless liquidation and radical reorganisation, emerging as Military Socialism, with all Germany's economic assets now available as working war capital for a defensive war of endless duration; prepared (and still preparing) against every conceivable contingency except calamitous crop failure or catastrophic military defeat—to German minds the only two possibilities of peace-compelling decisiveness and both unthinkable and unthought of.



The carefully audited trial balance sheet of the reorganised War Trust reveals the elements of strength and weakness in Germany's position at the beginning of 1918, as follows:

LIABILITIES	ASSETS
Food shortage.	Maximum military strength.
Transportation shortage.	No shortage of reserves.
Coal shortage.	Maximum production of war material.
Non-military raw material shortage.	Military State Socialism.
Non - military man - power shortage.	Organisation and overorganisation.
Progressive depreciation of plant.	Economic vitality.
Progressive depreciation of human material.	Unshaken morale.
Miscellaneous shortage hardships.	Progressive democratisation.
Economic attrition.	Absolute unanimity on negative war aim.
Inflation and high prices.	Chronic optimism.
Pyramided war debt and deficit.	"Peace" with Russia.
America's entry.	
	DOUBTFUL ASSETS
	Austria-Hungary.
	Neutral imports.

CONTINGENT LIABILITIES

Decisive crop failure.  
 Decisive military defeat.

These are the principal debit and credit items of Germany weighed in the trial balance. Note too that they are all variables approaching limits not yet visible, or cal-

culable with any reasonable certainty, except in a few cases, such as coal shortage, where the limit of production has virtually been reached, or war material production, whose present maximum is practically an unbeatable limit; and further (for the benefit of world-war mathematicians interested in solving the fascinating problem, "How long can Germany hold out?") that all these variable factors of weakness, these liabilities, are intimately interconnected; so too all those variable assets of strength—a change in one, for better or for worse, directly or indirectly affects all others.

And there is even a frequently complex, reciprocal relation between all the main debit and credit items. The statement, for instance, may seem far fetched that America's entry into the war is already a factor, though a very minor (one of many), in causing the startlingly increasing "race suicide" in Germany (birth rate already fallen over 40 per cent. as compared with the last peace year), until you wander through the German war labyrinth of cause and effect, picking up facts here and there to form the following chain: America's entry into the war has, through

embargo and moral effect on neutrals, turned neutral imports into a highly doubtful asset for Germany, particularly helped reduce food imports to the lowest level of the war.

The bulk of the neutral food imported previous to America's entry was reserved for the army. The army must be adequately fed; its deficit in neutral food can be made good only by increasing the food shortage at home. And food shortage, coupled with increasing economic pressure, is a principal factor in causing the startling fall in the birth rate among Germany's masses.

Particularly profitable is the analysis of Germany's food shortage account. Germany is long on shortages. There is a shortage of everything except shortages; and this, of food, is not the most serious, from the viewpoint of military importance. Transportation troubles incident to run-down, overburdened railroads are graver today than food troubles; the attained limitations of Germany's State railroads making themselves directly felt, militarily. In reality, there is no general food shortage in Germany in the sense of a close approximation to famine; there are only acute localised food shortages with near-starvation

symptoms appearing at irregular intervals and persisting until relief is rushed from food reserves. The general condition is called by the Germans themselves, with their ponderous passion for exact terminology, "*Nahrungsmittelknappheit*"—"foodstuffs scantiness"; admittedly irreducible minimum, barely sufficient for supporting life; at worst, reducible only for short emergency spells; at best, of at least debatable adequacy in the long run. Conservative German opinion of food shortage is epigrammatically expressed as "*Knapp, aber es geht*"; a phrase often heard in the mouths of Germans, implying that it's a close squeeze with the food but that they'll "make it go."

The relatively well-fed army and the drain of young recruits from the country districts tends constantly to increase food shortage or put the brakes on slight improvement; while food shortage, in turn, is the root of numerous non-military ills, and even cause of weaknesses that make themselves unpleasantly felt militarily. Food shortage necessitates a tremendous concentration of food shipments immediately after each harvest, almost completely tying up the German rail-

roads during the last quarter of the year—no major military operations to be thought of then, with railroads choked with potato specials and grain transports.

Food scantiness, as principal factor in depreciation of human material, is otherwise of indirect military interest. Food and economic pressure have not only contributed to the precipitous fall of the birth rate, but more particularly food scantiness has lowered the power of endurance, the working efficiency of all German labour except the favoured "heaviest workers." Efficiency, labour productiveness, has been decreased between one-fourth and one-third, thereby tending, directly and indirectly, to increase the transportation troubles of railroads run by depreciated railroaders; tending also to increase coal and other raw material shortage, and manpower shortage as well, since from 25 to 35 per cent. more labour is required under the food scantiness régime to equal the production under normal food conditions.

Food scantiness tends to accelerate the depreciation of human material in other ways. Though the net result of food shortage on national health is not unfavourable, merely

tending to kill off the unfittest—the weak, sick and aged—while the bulk of the people show a higher standard of health under enforced dieting, though their efficiency be lowered, still there is not only the decreasing birth rate but the increasing death rate. Nor is food shortage negligible as a factor in accelerating moral depreciation, being the root of much war crime—innumerable murders, assaults, highway robberies, train robberies, thefts, suicides and frauds on record, all with the *leitmotif* of food running through them, many more not on record not seeing the light of public print. Criminality in the era of food scantiness has blossomed out amazingly, the crime wave reaching the highest mark ever known.

Food shortage too is an infallible barometer for gauging German morale, which, though fundamentally unshaken, nevertheless has its mercurial ups and downs. German morale varies inversely as the square of the food pressure; food scantiness the decisive reason for the intense peace yearnings of the German people; their hunger for peace being at bottom nothing but a keen appetite for more and better food. The one positive war aim

of the overwhelming majority of the Germans today is "peace and food," regardless of annexations.

German longing for peace food is not unbearable to the point of making even radical Socialists agreeable to the loss of territory; no normal German's soul is so deadened by food privations as to advocate paying the price of peace with even a small slice of Alsace-Lorraine. On the other hand, food scantiness is a powerful bulwark of Moderation and Liberalism against reaction and Pan-Germanism. Based on the rationed masses of the German people, the Reichstag majority can enforce its will for "peace without annexation" just so long as food conditions are such that imperial governments fear to take chances with a scantily-fed people, willing enough to fight on indefinitely in defence of the Fatherland, but ominously restless if they suspect they may be driven a foot further for conquest.

The Reichstag majority derives its present measure of new power and authority almost entirely from food pressure on the masses, and one notes too that, as at the beginning of 1917, German enthusiasm for the no-

annexation peace formula decreases as food conditions improve; while brotherhood of man, peace of mutual understanding, peace of reconciliation, no-annexation and other altruistic formulas are never so popular in Germany as when food conditions are at their worst. German party lines today are food lines. Well-fed Conservatives, Junkers, agrarians, well-fed National-Liberals, captains of war industry, war profiteers, Pan-Germans and annexationists generally arrayed against the scantily-fed masses of Catholic Labour, Socialist Labour, Liberals and anti-annexationists generally.

Food scantiness, besides having a chastening effect on German territorial aspirations, is the principal factor in the rapid war progress toward democratisation. Acute inner political crises have their tap roots in food crises. Inner political reforms, partial parliamentarisation of Imperial Government, electoral reform in Prussia, are promised as palliatives for ominous food shortage unrest. Organised labour has succeeded in obtaining more and greater rights refused it in peace time. A Reichstag conscious of the terrible power of the scantily-fed masses, once un-



leashed, no longer stands in awe of officialdom, but shows a will of its own. Harbingers of coming democracy—through food shortage!

Food scantiness, in 1918 at least, shows no germs of peace-compelling decisiveness; its deteriorating effect on neither national health nor morale is such as to warrant peace hopes from Germany's impossible starvation into capitulation—possible only in case of a complete crop failure. Tagged to the fascinating chapter of food conditions in Germany is the moral that food shortage is no "just as good" substitute for military defeat; nor is there a calculable limit to the food hardships which the German people can still bear.

Transportation troubles are, militarily, more serious. The run-down, overtaxed condition of the railways has set a limit to coal transportation; man-power shortage has set a limit to coal production. But coal and transportation are the base on which the whole ambitious Hindenburg programme for doubling, trebling war material production is built. The coal base being limited by factors of man power and transportation, the apex of cannon and ammunition too has reached the limit of the possible. Germany will do

well if it can maintain its present maximum production of war materials; and this, despite the fact that the condition of the railroads shows a slight improvement at the beginning of 1918, with no visible danger of relapse into the state of almost complete breakdown; for 1,850 new locomotives and 32,000 new freight cars are to be built during the year. There is no aroma of peace-compelling decisiveness about Germany's current railroad troubles.

All Germany, one notes, is deteriorating physically; increasing shortage of man power and raw materials makes reasonable maintenance and repair an impossibility. There is a widespread depreciation of buildings, of public utilities, of "plant" in general; a grand "going to seed," a significant down-at-heels shabbiness, as of hard times. Yet nothing of direct or indirect military necessity is permitted to run down to the point of jeopardising military interest. There is acute man-power shortage for all peace purposes; insufficient raw material, even were there man power, to supply the reasonable requirements of the German people—burdening increasingly heavier, innumerable miscellaneous

hardships on the backs of the patient people; but again with no jeopardy of the highest military interests and with no last shortage straw in such like to break the Teuton army's back, and none thinkable to German minds, not even with ever higher prices and war debt already aggregating nearly one-third of Germany's nominal national wealth thrown in.

Economic attrition, though sure, is painfully slow. Existences, means of livelihood, continue to be ground into nothing; whole peace-time industries are ruthlessly laid in ruin, but the process has military advantages. No limit is in sight to the process of economic attrition; no bloodless victory here to take the place of military defeat.

It is the fashion among German economists today to explain the fact that Germany is still able to hold out in defiance of all peace-time prophecies that no modern war could last more than three months by making the profit and loss account appear less one-sidedly unfavourable than it looks on paper. Theoretical analysis, not without a margin of practical truth, helps to explain Germany's continued economic endurance. Though the

piled-up paper war debt of 100,000,000,000 marks is nearly one-third the estimated national wealth, it is a fallacious measure of the actual net destruction of wealth incident to the world war.

Inflation and the era of high prices, the fancy prices paid for labour and finished war products has more than doubled the normal cost of warfare. In order to compare war cost with national wealth, the war bill must be cut in half, and even this half does not represent the net economic loss. The enforced frugality of the German people partly balances the waste of war. The labour and raw material today being wasted in non-productive war material was an equal economic waste in peace times, going into luxuries and necessaries which today the German people are able to do without because they must.

The real economic loss is seen in the loss of irreplaceable human material, the dead and the war-damaged; also in the very general depreciation of plant. These alone represent economic values actually destroyed. And even here economic optimism can offer some shreds of consolation, for the places of the once productive dead and maimed are partly

taken by prisoners, increased woman labour and child labour; while to offset general economic attrition and pathetic depreciation of plant there is a grand mobilisation of new inventions, new processes discovered, new industries, such as the manufacture of paper textiles; new sources of national wealth developed under economic pressure of war.

So that even after war debt and deficit exceed the nominal national wealth, the business of fighting will still be going on as usual, as far as the new economics are concerned. In any event the net annual destruction of national wealth is still not a factor of real decisiveness.

The moral effect of America's entry too has not yet made itself felt as a really important factor. Far-going ignorance of the facts regarding America's war preparations, with military officialdom not eager to throw undue light on the painful subject; credulous clinging to the fond, fixed idea that America's entry is all a "Yankee bluff"; elaborate paper proof that even if America's spirit be willing, there is not enough floating tonnage left to transport America's millioned armies to France nor keep them supplied with food

and war materials after they get there—these expedients of ostrich-like German public opinion still serve to nullify the moral effect of America's entry. And to German credulity there is no limit.

No one of the liabilities, nor any combination of them, contains peace-compelling potentialities at the beginning of 1918, so long as the assets, the elements of undoubted German strength, can be kept intact; so long as those contingent liabilities, decisive crop failure or military defeat, do not become bitter business realities. Meanwhile, assets and liabilities, elements of strength and weakness, continue to balance one another.

The maximum of possible concentrated military strength has been reached, a reasonably fixed quantity in auditing Germany's 1918 account. The highest leadership calculates on eventually throwing at least 100 divisions from the east to the west. Conservatively estimated, half that number had been unobtrusively withdrawn from the pacifist Russian front. This maximum concentrated military strength, for which German generals and staff officers have been fervently longing ever since the Battle of the Marne,

is backed up by a reservoir of reserves, certain to yield a minimum of three-quarters of a million men annually—green youngsters and convalesced veterans—further backed up by the maximum of possible war material production (doubled by the ruthless Hindenburg programme, which has nevertheless practically reached its limit), a climax of fighting power maintainable only by increasing those heavy liabilities, man-power shortage and raw-material shortage for non-war purposes.

Another limit has seemingly been reached. The new State Socialism, subordinating everything to direct or indirect military interest and war necessity, can develop no further. Its upward evolution must be regarded as completed. There is little today left in Germany to confiscate, to discipline or control; little that is material to warfare. All the human and material resources of Germany are approximately known and can be made available as needed. The State today possesses all the necessary machinery for effectively controlling every department of life. No striking novelties in war laws or ordinances are to be looked for in future; certainly no vital innovations. Minor improve-

ments may be made here and there, but the broad lines of food strategy, of economic strategy, of financial strategy, of conservation strategy, are determined and worked out with fulness of detail.

The German people, body, soul and possessions, are exploitable to the limit of patriotism or human nature by this all-embracing war monopoly, State Socialism. The German passion and meticulous genius for organisation too has reached its apparent limit. German people and possessions, human and economic war resources are today, if anything, overorganised. Organisation and State control could seemingly go no further.

Of Germany's remaining assets all are still incalculable; no limits in sight to the telescopic eye. Germany's economic vitality, helping greatly to balance that ominous long list of shortages, shows its continued liveness by struggling to escape from the strait-jacket of State control. Individualism is still struggling to regain its lost liberty, if not for the balance of the war, at least for the time after the war. Business, finance, labour, are already preparing for the death grapple with State Socialism in the transi-



tion period. Capital and labour too are organising for their postponed decisive battle after the war.

Germany's economic vitality is an asset impossible to evaluate; it represents a categorical refusal to be downed by State control or war discouragement. Equally incalculable is the breaking point of German morale, which, though with nerves much frayed after three years of gruelling food and economic hardship, is still at bottom unshaken. A cross-section of life in Germany after four years of war reveals under the microscope no bacilli of Bolshevism nor kindred germs of catastrophic revolution. There is a visible rising of the masses but only against Pan-Germanism, annexationism—not at all in favour of opening the gates to the enemy or of giving away choice parcels of the German Empire.

The achieved progress toward democratisation, slight though it is when judged by Western standards, real and substantial, nevertheless, to the German mind, is today an element of strength if only for acting as a safety valve—demand for more inner political reform, more parliamentarisation,

which, at bottom, is only a hunger for peace and food and partial compliance with the people's demands from time to time, enabling much superheated steam of public opinion to be blown off in violent press polemics and harmless political crises which otherwise might condense into something like a well-disciplined Russian revolution. As a safety measure too the political censorship lid has almost been lifted.

When the Teuton rages rhetorically it does not imply a shortage of confidence in the strength of Germany's military position. The impassioned wranglings and fierce controversies over the annexation question, though no glimmer of peace is in sight, obscure the quiet unanimity of agreement on the negative war aim. No responsible or irresponsible German voice demands, or even suggests in a whisper, the giving up of Alsace-Lorraine as the price of peace. The Radical Socialists too are silent; the proposition is preposterous to the German mind in all its finer shadings. "Germany must not go 'kaputt'—go to smash," is the homely war psychology of the front soldier, and this sentiment, not open to debate, taken as a

matter of course, is just as potent in a quiet way in the ranks of the home army.

Dismemberment of the German Empire, even the gentlest surgical trimming off of peripheral fatherland, has no champions or followers within the police lines; the mere spectre of it, discreetly waved by enemy statesmen, still serving as a red rag to rouse the bull-headed Teuton.

Germany's biggest asset, counter-balancing much shortage, is still that peculiarly Teuton brand of chronic optimism, summarisable in the proposition that "Germany cannot be beaten," an idea hard to eradicate from the German mind, because a matter of faith, not of logic. The collapse of Russia has given Germany and German optimism its second wind. The relief cannot be exaggerated; relief from the inescapable pressure of a two-front war. The state of peace with Russia has wiped out all the moral effect of America's entry to date; nourished the popular delusion that world peace is near; given German optimism a new lease on life.

Perhaps the only cure for chronic optimism is decisive military defeat.

## CHAPTER II

### THE FOOD PROBLEM AND GENERAL FOOD CONDITIONS

**I**T is true, beyond a shadow of doubt—and German propaganda both for home and foreign consumption is incessantly emphasizing the fact—that food conditions in the winter of 1917-18 are better than during the “turnip winter” and “hunger spring” of 1916-17. It is certain that Germany can hold out, as far as the food supply is concerned, until the new harvest of 1918, but beyond this point no responsible German is prophesying, though it seems reasonably certain that a total or even partial crop failure this year would prove fatal. There is general agreement with the proposition that Germany cannot be starved out; and yet Germany’s available food supply continues to diminish with the inevitableness and regularity of a law of mathematics.

Food continues increasingly to be the almost all-absorbing subject of thought and conversation on the part of the German pub-

lic, until food talk today amounts almost to a national obsession. There is appreciably more food talk in 1918 than a year ago. Whenever two or more Germans get together they are very apt to tell each other what they last had to eat, as being the most interesting news of the day. And food, too, is the *leit-motif* of most private letter writing. In the last consignment of information I received from Germany, my correspondent featured the fact that he had eaten "a glorious hare, with real cream sauce, for dinner," and, therewith, some real tea punch. He added that the Berlin restaurants still offered a considerable range of choice of good dishes at reasonable prices.

Through all the food discussion among the masses, however, rings the monotonously uniform note of intense and rising dissatisfaction, of almost unbearable hardship and real suffering. This note sounds with particular insistence from among the workers in the war industries, and the attention of the governmental authorities is constantly being drawn to the fact that urgent relief is needed in order to stem the rising tide of dissatisfaction among the war industry workers.

The workers are embittered less by their own scant rations than by the high cost of even the poorest living and the fact that the well-to-do are able to live in comparative food plenty, thanks to the cancerous growth of the illegal clandestine food traffic whose ramifications permeate the social tissues of the whole Empire.

The lot of the workers has been characterised by Germans themselves as a martyrdom which the suffering workers have so far patiently borne, with, at most, the occasional threat of a short-time demonstration strike. And while as yet no germs of revolution have been discovered among the restless and dissatisfied underfed workers, warning voices are not wanting to prophesy that a catastrophe is certain unless the "untenable" food conditions are changed.

These warnings have proceeded mostly from those in a position to gain first-hand information regarding the living conditions of the masses, from Socialist and Catholic leaders. More guardedly, though with equal frequency, the inevitability of a catastrophe, unless energetic remedial action be taken, has been voiced by local magistrates, aldermen,

---

executive government officials and people's representatives in parliaments. Every effort is being made to induce the agriculturists to make even greater food sacrifices in favour of the hard-working, underfed industrial population.

One of the most interesting and debatably involved phases of the continuing food scantiness is its effect to date on the health of the German nation and its probable future cumulative effect. Apparently the national health has not as yet been noticeably undermined. The official contention is that the health of the German people has remained normal throughout the war. This too is the physicians' view.

There is even a school of medical opinion which claims that compulsory dieting has improved the health of the German people. Doctor after doctor will tell you that he has fewer patients than in peace time, and that the average health of former patients averages up to and better than in peace time. Hardened valetudinarians have been miraculously cured as a result of the enforced war diet. Diseases of the stomach and intestinal ailments have certainly decreased very mark-

edly. The same phenomenon is vouched for by German doctors to hold good for all diseases directly or indirectly due to over-eating.

But malnutrition and emaciation are distinctly observable, extending from the lowest well into the middle classes. The malnutrition is widespread. Thus far it has resulted only in a very noticeable lowering of the working efficiency of the individual. Those showing symptoms of underfeeding will assure you that they feel perfectly well, in some cases they even claim never to have felt better in their lives, but they all complain of a feeling of weakness and admit that they can no longer do a full peace time's day's work. Men and women engaged in physical labour will tell you that it takes them longer today to do a heavy piece of work, that they tire more easily and quickly, that their powers of endurance are lessened.

It is a fact that the productive efficiency of industrial workers is far less today than in normal food times; the average efficiency of not specially favoured labour has decreased at least 25 per cent. The ability of the miners in Germany's coal and iron mines too is ad-



mittedly very much poorer than in peace times. Even favoured labour, the so-called hard workers in the war industries, who receive extra rations, show a lowered efficiency, though not as great as in the case of the comrades who are forced to live on the legal maximum rations.

Though the normally healthy still manage to stand up under the war diet, the ravages of death and disease among the aged and the young, the weak and the invalid and those predisposed to sickness, have increased to startling proportions. Of diseases directly due to food shortage only one has been observed and reported, the symptomatic feature being large swellings on the limbs and attributed to the almost exclusive eating of the watery *Steckruben*—a kind of turnip that formed almost the sole staple of the diet of the poor last winter after the potatoes had run out. This curious disease, however, never assumed epidemic proportions and this winter has made a very infrequent appearance, about five cases for every hundred during the preceding winter and spring.

It has been repeatedly admitted by Germans in a position to know the facts that the

ravages of tuberculosis have greatly increased among Germany's civilian population, though no tuberculosis war statistics can be obtained. A Berlin alderman was recently quoted as saying that it was "high time to do something if tuberculosis is not to spread with terrible destructiveness." The lack of fats, in particular, is beginning to make itself noticeably felt in the public's health. This holds good especially for the hard-working industrial population. As one observer in the Rhenish industrial section put it, "the lack of fats begins to stamp itself on the health of the populace, particularly of the children."

Full and reliable vital statistics for Germany during the war are withheld by the authorities, but a certain amount of statistical material warrants conclusions regarding food shortage and national health. There has been a great increase in the pressure of the public, and particularly of charity patients, on Berlin's hard-taxed hospitals. The official figures for the last year would undoubtedly be astonishing and illuminating if available. There is evidence of a heavy and growing increase in civilian mortality in many parts of Germany. The statistics are closely held, but some cue is

afforded by the startling jump in the number of cremations. The number of cremations in Germany increased 23 per cent. in October, 1916, as against October, 1915, while for Greater Berlin the increase in cremations during one year was 56 per cent. If the burials kept pace with the cremations, the total death rate should be averaging over 23 per cent. higher than a year ago.

The decrease in Germany's birth rate is even greater than the increase of the death rate, and is, in the estimation of some scientists, very largely due to malnutrition and, more specifically, the fat shortage. My attention was first attracted to this phase of Germany's food problem by a leading Swedish specialist, who was authority for the statement that there had been during the war an amazing increase in the number of cases of "delusion of pregnancy" among the women of Germany, with a synchronous sharp drop of the birth rate, and that German medical science inclined to attribute both connected phenomena to the lack of fats in the diet of the masses of Germany's potential mothers.

The increasing "delusion of pregnancy"

and the falling birth rate are both characterised by interested specialists as alarming. I have been able to obtain the following authentic figures that enable one to trace approximately the sharply falling birth-rate curve:

The decrease in the number of living born children in Germany in January, 1915, was only 1 per cent. as compared with January, 1914. In April, 1915, the birth rate had fallen 6 per cent. as against April, 1914. January, 1916, however, shows a sensational decline of 34.7 per cent. over January, 1915, the rapidity of the fall being further indicated by the fact that in April, 1916, the decrease was 38 per cent. as compared with April, 1915.

The decline of the birth rate looks even more startling when one compares 1917 with the peace half of 1914. The number of live born was 42.6 per cent. less in January, 1917, than in January, 1914, and the birth rate dropped 44.8 per cent. in April, 1917, as against April, 1914. These falling birth rate percentages are based on the infant mortality statistics of towns and cities of 15,000 and more inhabitants, and do not take into con-

sideration the small towns and the open country, where more favourable health conditions prevail and where in consequence the birth rate drop may be a few per cent. less.

The effect of scant food rations on infants is a great question in Germany today. Complaints that the present legal rations, including the additions allowed by law, are inadequate, are loud and frequent from expectant mothers and nursing mothers of the working-classes, but the best consensus of opinion is that these complaints are absolutely unfounded. The food regulations allow nursing mothers certain additional food allowances calculated and fixed by scientists and guaranteed by these authorities to be entirely adequate to enable mothers to nurse their infants.

Even during the pinch of the fourth war winter, nursing mothers receive, in addition to their regular rations, an additional allowance of at least seven ounces of pure wheat flour weekly, at least one pound of oatmeal per month, three-quarters of a quart of milk and one and a half ounces of beet sugar daily, German war science calculating that 2,800

calories daily are the minimum required to enable a mother to nurse her infant.

This is one of the few really bright spots in Germany's food position. The special and ample provision made for mothers and infants, when rationing was first introduced, has borne fruit in a slight decline in infant mortality. Once born, German war babies get a fair start in life, thanks to the paternal care of the State. Of Germans of all ages, the nursing infant class is said to be best off; nor does the new-born war babe show any diminution of vitality as compared with the peace-time new-born. The following figures trace the slightly descending infant mortality curve during the war. As typical, may be taken the month of April. Out of 160 living born there died during the first year, 12.4 in April, 1914; 12.6 in April, 1915; 13.5 in April, 1916, and 12.1 in April, 1917.

In sharp contrast to the favourable condition of mothers and infants is the sorry state of the older children. These show the effect of scant rations as does no other age class of Germans. It is probable that the experiment successfully tried last summer of sending city children into the food provinces will be car-

---

ried through this year on a wholesale scale, and that hundreds of thousands of city children will be sent out on the land.

While every effort is made by the food authorities to ameliorate the lot of the sick and the convalescent by liberal extra food allotments, it is growing more and more difficult to scrape up the amount of additional food necessary for the sick and the weak, particularly as their number has on the one hand increased and on the other many easy-going practitioners have in the past been found who could be prevailed on by well "patients" to prescribe milk and cream, wheat flour, oatmeal and other rarities for their only ailment—a hearty appetite unsatisfiable by regular rations.

A sharper control is now practised. Physicians are required to fill out a special card formula in each case when a patient, on account of sickness, requires an additional allowance. Each application is then passed on by a special medical commission which, after convincing itself of the bona-fideness of each case, fixes the quantities and kinds of extra foods to be allotted the sick. At that, the sick are not always certain of obtaining the

extra foodstuffs so allotted to them, as recently in Frankfort and other large cities the magistrates were forced to advertise that, for the next few weeks, oats preparations could only be prescribed in cases of diseases of the digestive organs and then only in most urgent and serious cases. The cases in which extra food rations are prescribed for consumptives are sufficiently numerous now to have warranted the introduction of a special tuberculosis card.

Nor does it pay any longer to go to a hospital if you find yourself growing thin on your legal rations at home, for complaints have latterly been multiplying from hospitals and other public institutions regarding the increasingly poor quality and diminishing quantity of the food served. As perhaps typical may be regarded the complaint of an inmate of a Berlin maternity hospital who strenuously objected to having been fed for five days on the following menu: Coffee and a butterless piece of bread for breakfast; cabbage or turnip soup and a glass of milk for lunch; cabbage or turnip stew, without meat, and a glass of milk for dinner; coffee and an unbuttered piece of bread for 5 o'clock tea, and cabbage or turnip



soup, two unbuttered pieces of bread and a glass of milk for supper.

There is no such thing as a democracy of food in Germany except in theory. Practically all men are not free and equal nor equally ration-bound. Human nature and the old law of supply and demand, though hamstrung and bound around with several thousand red-tape food regulations, still has a kick left in it, and money still talks its old persuasive rhetoric in Germany. There are, accordingly, no heroics about the rich going without fancy food, and plenty of it, in order that the deserving poor may have more. There is, in fact, no such thing as voluntary rationing.

War food conditions have engendered a certain honest primitiveness in contemporary Germans; a "back-to-the-instinct-of-self-preservation" spirit. It is not considered bad form or poor patriotism, except by some of the cranks who get left in the shuffle, it is the rule rather, for every one to scramble for all the food the law allows him and as much more as he can lay hands on and pay for.

There is consequently a constant merry food tug of war for the prize of Germany's

small marginal surplus, a kind of incessant battle royal between the various social classes and interests, both individually and collectively, to get next to and cling to the surplus food trough, accompanied by a chorus of mutual abuse and recrimination through the medium of the party press.

You blame Socialism if you are a junker, and junkerism if you are a Socialist; and if you are either or neither, you blame the head of the Imperial Food Department for the bad food conditions and loudly prophesy an inevitable catastrophe unless radical changes are made in the interest of your particular class or category. For this reason the press of Germany is no reliable medium for gauging actual food conditions in Germany, nor is it possible to note changes for better or for worse by reading between the lines, since the editorial and news attitude of every newspaper in Germany is distorted and coloured by party politics or special interests, or both. All discussion of food conditions in Germany by German publicists, amateur or professional, must accordingly be discounted and digested with large additions of salt, whether they paint food conditions blackest black or

in rosy hues of optimism. The truth lies between these extremes.

Germany's food problem is essentially the old classic problem of making a single blanket cover a double bed. Accordingly, a cross-section of the German State in the fourth war winter shows that it is composed of a warm and well-fed body of citizens in the middle, whose food requirements are at all times adequately covered, surrounded by a deep fringe of miscellaneous middle, lower and lowest class citizenry, all more or less out in the cold, their requirements hardly ever quite covered by the scant food blanket, scantiness varying with the seasons and with new food regulations that seek to "stretch" the single blanket first to one side and then the other. The amply fed and the adequately fed, however, are in the majority. The underfed, comprising all those financially or physically forced to subsist wholly, or almost entirely, on the scant minimum rations, average conservatively around 15,000,000, their number increasing during the winter and reaching the critical maximum in the spring.

Best fed and well fed are the military, the so-called "self-providers" (including large

landowners and peasants), the idle rich, the war profiteers, well-to-do business and professional classes, favoured groups of specially petted and pampered ammunition and other war industries workers, and villagers and townspeople in the fat food producing provinces. If you must be a German you will make no mistake to get into any one of these categories, and there is little to choose between them in a food way. Poorest fed and underfed are those middle classes whose peace-time prosperity has been ruined, whose purchasing power broken, by the war; small merchants, tradesmen and shopkeepers, small officials, teachers, clerks and, in general, all those forced to live on fixed salaries or incomes, which have remained stationary while the cost of living has been doubling; further the masses of industrial labourers and metropolitan workers, not specially provided for under the favoured categories of heavy and heaviest workers; and lastly the war widows and wives and families of soldiers in the field, forced to exist mainly on their pittances of a pension or State allowance. Among these too there is little to choose from; theirs is the minimum ration and the constant struggle to buy even

the small quantities of foods which the State guarantees them.

Germany's 8,000,000 odd men under arms, including old Landsturm and young recruits, constitute a specially favoured food class. The front soldier's diet is still considered good and ample; both quantitatively and qualitatively his food position is far superior to that of the common run of civilian. He gets from two to three times as much food; more daily bread, more daily potatoes, meat six times a week, more real sugar, more and better marmalade, more butter and other fats, and above all, an allowance of such rarities as cheese, rice, tea and other imported foods reserved almost entirely for the army.

Many cases have come to my knowledge of soldiers, and even officers on furlough, who have complained to their wives about the home cooking and home table and drawn invidious comparisons with the grub at the front. So, too, many soldiers, grown accustomed to the better fare of the trenches and rest quarters, when on home furlough and slender home diet, grow irritable, peevish and betray an eagerness to get back to the good food of the

front. Those who are about to die at the west front are in general fed better than their loafing, fraternising comrades in the east; and the front soldiers as a whole are fed better than the Landsturm garrisons of the conquered countries; and these in turn are a bit better off than the troops in home training barracks.

An officially privileged class too are the agrarians, large and small, junkers and peasants. Their food lot is a particularly happy one and they are accordingly an object of envy to the industrial workers and the metropolitan masses; and also an object of constant controversy. On the average these so-called "self-providers" are at least 100 per cent. better off than the tightly rationed city dwellers. From what they themselves raise the large agrarians and small peasant farmers alike are permitted to keep just twice as much wheat and rye as the ordinary non-producing individual is allowed in bread rations by the State.

They are thus twice as well off quantitatively in the matter of bread, in addition to the element of security—of having their year's supply of breadstuffs actually on hand until

---

the next harvest. The new food rule that Germany's 1918 bread must be stretched by an admixture of 10 per cent. potato flour is waived in the case of these blessed self-providers, who may thus enjoy pure white wheat bread or any formula according to their taste. From what they themselves raise the self-providers are also permitted to retain potatoes equivalent to a per capita weekly ration of ten pounds, whereas the fixed potato ration for the average run of citizens is seven pounds weekly.

And being themselves the source, these self-producers naturally have the first go at milk, butter, eggs, vegetables and other products of their raising, the city dwellers running a poor second and getting only what the agrarian interests, the well-fed "self-producers," choose to give up at heavy prices.

For all practical purposes, the rich and the well-to-do also constitute a privileged food class, thanks to the extensive and illegal clandestine traffic in every thinkable kind of food commodity. It is literally true that money can still buy everything in Germany today. And if you don't care how you spend your money, and have the right connections,

one can get all the meat one wants, including the rarity pork, plenty of flour, potatoes and other rationed foods. There is no necessity for holding oneself to small rations, if one has the purchasing power to command the underground food channels. But even keeping well within the law, the well-to-do can still be amply well fed, supplementing their meat rations, for instance, with fancy poultry and game, which are not rationed but far above the reach of the masses.

Not only in Berlin, but all over Germany, money will carry you far. The menus of war profiteers' little business dinners have been known to make even neutral mouths water; one such menu that recently came to light consisted of eight courses, and could not have been improved on in peace times. But any one willing to spend from \$10 a day up for food can eat his fill in Berlin, and do it somewhat more cheaply in other large cities, and at bargain prices in the provinces.

The pleasing prospect for the prosperous who can afford to patronise the better-class hotels and restaurants is indicated by the following typical menus being served at the Adlon: Table d'hôte dinner, on a meat day,



costing 12 marks or \$3 at the peace-time rate of exchange:

Cream of Celery Soup.  
Holland Oysters  
or  
Rhine Salmon with Truffle Sauce.  
Salt Potatoes  
(only against Potato Coupons).  
Roast Young Turkey.  
Champagne Ice  
or  
Stewed Fruits.

On this same day the gourmand could also eat, à la carte, priced at the normal peace-time rate of exchange:

Oyster cocktail, 25 cents; chicken salad, \$1.75; smoked salmon, \$2; Swedish hors d'œuvres, \$2.50.

Celery soup, 40 cents.

Snails with butter, \$1.50; Rhine salmon with truffle sauce, \$2.50; carp in port wine, \$2; frogs' legs with mushrooms, \$1.75.

Ruck of lamb with young vegetables, \$2; goose liver pasty with truffles, \$2.50.

Cauliflower, 75 cents; mushrooms, 75 cents; Brussels sprouts, 65 cents; spinach, 65 cents; celery, 65 cents.

Mixed salad, 65 cents.

Champagne ice, 50 cents.

Stewed fruits, 50 cents.

The following is a typical Adlon table d'hôte dinner menu on a meatless day:

Queen soup.  
Holland oysters  
or  
Lake trout Bercy.  
Potatoes.  
Strassburg gooseliver patty.  
Apple salad.  
Savarin with arack  
or  
Stewed fruit.

And on a so-called fatless day the Adlon offers:

Asparagus soup.  
Holland oysters  
or  
Lake trout.  
Potatoes.  
Chicken fricassee  
(against 50 grams meat coupons).  
Cauliflower.  
Chocolate ice  
or  
Stewed fruit.

The popular-priced wine and beer restaurants of Berlin still offer a fair range of choice in dishes running from 25 cents to 75 cents

per portion, including two kinds of meat on meat days against meat coupons, also a limited number of fish, and generally one can also obtain certain meats that are card free, such as venison, game, duck, turkey and goose; these, however, owing to the great demand for meat-cardless meats, being exceedingly expensive; a portion of goose, for instance, not being obtainable as a rule under \$2 at the cheapest. The neutral, however, can live high at comparative bargain figures in Berlin, and in fact throughout Germany, owing to the depreciation of the mark.

The ammunition workers constitute the last privileged food class, and their standard of living compares not unfavourably with that of the idle rich and the junkers. The contradictory character of the reports regarding food conditions among Germany's working population is due frequently to failure to differentiate sharply between the ordinary labourers, who get only the legal minimum rations; the so-called "heavy workers," who receive additional rations, making them about 50 per cent. better off than the ordinary workingman, and the most favoured class, the so-called "heaviest workers."

While there is a reasonable doubt whether even the additional rations enjoyed by the "heavy workers" are adequate, and no doubt whatever that the regular rations received by the ordinary workingman are not adequate, the favoured "heaviest" class are literally living on the fat of the land, and much of its cheese, milk, pork, coffee, beet sugar and other rarities. Owing to the intense competition among the mushroom-like fast growing war industries, particularly since the Hindenburg programme went into effect, to attract and then hold these *rarae aves*—"heaviest" ammunition workers, able-bodied men, freed from military service, the latter have been able virtually to dictate their own food terms on which they are willing to work.

The strongest attraction the war industries can offer to obtain new help and hold their old is plenty of food of the highest class and greatest variety, and the large and powerful war enterprises have in consequence installed separate food departments, carrying immense stocks on hand and selling extra foods to the ammunition workers at cost price, and in many cases below cost price, in order to make work attractive. These "heaviest"

boys, by a singular turn of fortune's wheel placed in a novel position of being petted and pampered by capital, are living today on a high-food plane they never dreamed of in peace time. Their lucky lot must not, however, be confounded with the drab and lean existence of the masses of German workmen, particularly in the large cities and the densely populated industrial sections.

A knowledge of the new food geography is useful in Germany today. In general, the food atmosphere of South Germany is friendlier and more salubrious than that of North Germany. But there are some important exceptions. Mecklenburg-Schwerin is probably the richest food section in Germany, and here an abundance of meat, rich blood sausages and other varieties, butter and milk are to be gleaned. East Prussia, West Prussia, Silesia and Pomerania, too, are in splendid food condition, in the order named. East and West Prussia are particularly blessed with dairy products and meat; Silesia is famous for its large herds of disciplined geese, which may frequently be seen from the train window, goose-stepping to market.

These are the bright food spots north of Germany's Mason and Dixon line. To the south, the country districts of Bavaria are esteemed the preferred food paradise by knowing ones. The country districts of Württemberg present almost as friendly a picture as Bavaria. Württemberg famous throughout Germany for its fruit crop, which Württemberg by a wise embargo has kept for itself and its friends in the south. The Duchy of Baden, too, is anything but starving. Bavaria, Württemberg and Baden form a close food community of interest. They work hand in glove, often against the common food "enemy," Prussia, and with the utmost jealousy guard their surplus food. Their food cards are interchangeably good in all three countries.

Good places for a war-time tramp to keep away from are most of Saxony, the industrialised Rhine province of Prussia and the industrial section of Westphalia, and above all, Berlin and the whole bleak Mark of Brandenburg. These the hypothetical hobo, if he doesn't happen to be a war profiteer, would find most inhospitable and uninviting from the food point of view, offering very

lean pickings to the deserving poor and honest middle-class burghers alike.

Looking them over by cities, Berlin enjoys the distinction of always having had, during the war, and still having the worst food conditions, with Dresden and Leipzig contending for second place, and Hamburg running fourth. By reason of its agricultural hinterland, Munich still enjoys food conditions that must be labelled at least fair, though by comparison with Berlin, they are decidedly good. For the same hinterland reason, food conditions in Stuttgart, the capital of Württemberg, are likewise still fair. Cologne, by reason of its proximity to Belgium and Holland, is better off in the matter of food than one would logically expect of a city its size. Most other cities vary slightly from indifferently fair to moderately, bright exceptions being some of the smaller cities in food-producing provinces.

## CHAPTER III

### DETAILED ANALYSIS OF FOOD CONDITIONS

**F**ORTY million Germans have no physiological cause to complain about food. Twenty-five million bear the brunt of food shortage, being forced to exist almost entirely on the fixed rations of bread, potatoes, fat and sugar, plus such small and variable rations of additional foodstuffs as the municipalities may distribute at irregular intervals, and, lastly, on what little they may glean in the open market in the way of floating supplies.

Theoretically, everybody should be getting enough to eat. The fixed per capita weekly staple rations for 1918 are 68.6 ounces of bread, seven pounds of potatoes, 8.8 ounces of meat and 2.1 ounces of fat (butter and margarine); further, a per capita sugar ration of 26.4 ounces per month. These imperial rations are as good as government bonds, perhaps better. Every one is getting all he is entitled to.



The State is able to meet these food obligations regularly and in full, and these rations can be maintained until the harvest of 1918. There is none so poor but he can afford to buy all that the food law allows, these rations being kept down by a rigid system of maximum prices.

If the able-bodied and healthy could flourish on these rations there would be no pressing food problem. But not even the most patriotic German can live on the staple rations alone. As the food stores are stripped of moderately priced foodstuffs to be obtained without cards, the remaining stocks consist chiefly of exorbitantly priced "free" food specialties and luxuries, and as there is virtually nothing in the way of food left in the free and open market within reach of the masses, the metropolitan and urban masses depend for necessary food outside fixed rations on irregular rations which municipalities dole out.

Week in and week out the municipalities distribute only the irreducible minimum from their food reserves—just enough, in the scientific opinion of their food experts and advisers, to keep body and soul together when

added to the bread, potato, meat and fat ration, though the paternal municipalities make a point, if possible, of doling out more generously, during the weeks before holidays, and for special joy events like Hindenburg victories. Non-holiday weeks average infinitely leaner.

On paper these supplementary rations, together with the staple rations, should satisfy the healthy appetite. But these supplementary rations jack up the cost of living so high that not every one can afford to avail himself of all the slender additional rations dispensed by municipalities; certainly not wives of soldiers at the front, with no other income than the pittance allowed for their support, nor widows with microscopic pensions and many children. It is estimated that in the Greater Berlin borough of Neukoelln alone 50,000 "war wives and widows" are in dire need.

There are probably 15,000,000 of the subliminal, of those below the average war food threshold. This food problem it is sought to solve by municipal mass feeding institutions in which the food can be consumed on the premises or from which it is to be

taken home, most of the up-to-date institutions combining both forms.

About 10,000,000 persons are being municipally "mass fed." The food is almost always of the soup or stew kind, is served at or below cost, and to get it patrons must turn in meat and potato cards as they would at restaurants. The price averages from 10 to 12 cents a quart.

Complaints, heard loudest in Berlin and other large cities, are about the deadly monotony of the sloppy war food, and occasionally there is cause to complain about quality and the high-handed manner in which at some feeding centres it is dispensed.

At a Bavarian feeding plant the following typical week's menu was served for 12 cents a portion on meat days and 11 cents on meatless days:

Monday—Vegetable soup, ling, potatoes.

Tuesday—Potato soup, noodles, marmalade.

Wednesday—Brussels sprouts soup, roast veal, potatoes.

Thursday—Noodle soup, beef, kale.

Friday—Potato soup, stock fish, potatoes and sauerkraut.

Saturday—Noodle soup, hash, potatoes.

No food was served on Sunday.

Extension of the system of mass feeding to take care of 20,000,000 people would come near solving Germany's food problem. But nothing save cruel necessity has driven most of the patrons to these institutions. Thousands upon thousands of underfed Germans prefer cooking and hungering at home to being well but mechanically fed.

The Union of Clerks' Associations, having 600,000 members, recently petitioned the Prussian Diet to use its influence with the Imperial Food Department to revoke the principle that brainworkers are to be excluded from the additional rations given to the class of "heavy workers."

A tour of Berlin's food stores throws interesting sidelights on Germany's war economy. For instance, the problem of the vanished goose, long the friend of the chronic meat eater, because purchasable without meat cards. The goose is gone. You will not find a single German-born goose at any game shop or delicatessen store. The disappearance was magical, almost overnight, and synchronised with the introduction of maximum prices for German geese, showing

that the first effect of maximum prices is to drive food from the open market.

Hares, meatcardless and once plentiful, have all but vanished, whereas the unhampered rabbit has driven the maximum priced hare to cover.

Horse meat sausage is cardfree and much in demand, the cost soaring to about that of the choicest game in peace time until checked by a low maximum price. Sausage made of imported chickens is likewise obtainable without meat cards.

Elephant steak, recently obtainable at Leipzig, where the carcass of the old Zoo favorite Nelly, killed on account of old age, yielded nearly a ton of edible meat, was sold by a local restaurant at 40 cents a portion.

Fish, a vitally important item in Germany's war food supply, is scarce, despite the fact that an Imperial Fish Bureau was organised to stimulate production and control distribution.

A gruesome reminder of the Russian disaster in the Masurian Seas early in the war lurks in the fact that the exploitation of the Masurian Seas has now begun on an extensive, systematic scale. The conquered

territories in the East have begun to yield appreciable quantities of fish, notably large quantities of carp, from Bielostok, Courland and Lithuania.

A food novelty has reached Berlin from Roumania in the form of salted dried carp in large quantities. The price is 65 cents a pound. They have to soak thirty hours in water before they become edible.

A walk through the markets shows few fresh fish and, what is worse, that no salt herring nor smoked fish nor canned fish in sauce is for sale. Fish imports from nearby neutral countries have dwindled to almost nothing.

As a substitute for fish, an effort was made to educate Berliners to eat sea mussels. Large quantities were shipped to Berlin and other large cities, but the Berliners did not take kindly to the novelty.

The fat problem continues Germany's greatest food worry—Germany's weakest spot. German chemical science and technology have performed seeming miracles during the war, but they have been stumped in trying to make synthetic edible fats. Imports of butter and margarine have steadily

decreased. Germany's underfed cows have yielded less and less milk. Most serious of all, the failure of the fodder crop in 1917 made it necessary to reduce Germany's stock 21,000,000 head of cattle, and the enforced wholesale slaughtering has made heavy inroads on the cows.

Thanks to an incisive patriotic propaganda and dazzling high prices for native oilseeds and edible oils, the acreage of oil-yielding crops in Germany has been very considerably increased as against peace times, which will enable the doubling of the manufacture of oleomargarine during 1918. But there is no other bright feature to the fat situation.

Sorry, too, is Berlin's milk supply, an ever diminishing variable, the bulk of the skimmed milk being seized at the source and diverted to the oleomargarine factories. The milk ration is one quart for children aged one and two, three-quarters of a quart for the three and four year olds and half a quart for the five and six year classes, with nothing for healthy adults and older children. It is feared that this milk famine can only be endured at the expense of the health of the future generation.

The public had gained the not unfostered impression that 1917's was a bumper vegetable crop, smashing all records, bitter disillusionment setting in when the promised vegetables were not forthcoming. It is now admitted that the vegetable crop was a failure.

While the Austro-German armies were invading Italy a German expert commission was sent to Vienna to confer with Austrian and Hungarian commissions regarding a special economic department for exploiting Upper Italy's agricultural and horticultural resources.

Unlike the vegetable harvest, the fruit crop of 1917 was bountiful, the record fruit crop of the war. Yet little fresh fruit reached the consumers of North Germany through the open market, and that little only at exorbitant prices. This was partly due to the petty particularism of South Germany, which placed an embargo on fruit shipments to North Germany, despite the fact that Württemberg's crop was so immense, with Bavaria's a close second, that the South Germans didn't know what to do with it all.

But the principal reason why the Prus-



sians got no fresh fruit lay in the imperial food strategy. War marmalade is one of the most important food items for both the army and the civilian population. Bread and marmalade form the daily substitute for bread and butter—at the front it is nicknamed “hero fat”—and it constitutes Germany’s next to the last line of food reserves.

According to the Imperial Food Department plans, the bulk of Germany’s 1917 bumper fruit crop was confiscated at the source and shipped to the marmalade factories, being dumped with such arbitrariness that large quantities of fruit spoiled owing to the inability of factories to handle it.

Nevertheless, Germany has been able to enter 1918 with its biggest marmalade reserves of the war. The army is fully covered with “hero fat,” 330,000 tons has been and still is being fed out to the German people as a substitute for missing butter, twice as much as during the entire past food year, and there is still an iron ration of marmalade carefully hoarded and salted away for unforeseen and unforeseeable emergencies.

The 1917 product is pure fruit marmalade. In 1916, owing to the fruit crop failure, the

marmalade was stretched with 60 per cent. turnips and mostly rendered unfit for consumption. With potatoes, marmalade is the strongest single factor in Germany's food position during the current food year.

Fresh fruits in very small quantities are still obtainable in the open market, but the prices, except for the poorest qualities, place them beyond the reach of the ordinary people. Maximum prices for apples are 5, 8, 12 and 19 cents apiece. Pears, purchasable in smallest quantities, cost 5, 10 and 18 cents, according to size and quality.

Lemons, the principal imported fruit, have vanished, as importation from Italy by way of Switzerland has been forbidden, as a measure to try to raise up again the decrepit, fallen German mark exchange.

Fancy American fruits, which could still be bought at certain luxury food specialty stores in Berlin before America entered the war, have likewise disappeared.

Unobtainable are nuts of all kinds, especially missed being almonds.

Raisins are no longer to be bought, all for the same reason—because importation has been forbidden.

Two rivals of marmalade as butter substitutes for bread spreading deserve notice because of their growing vogue and importance—beet syrup and artificial honey, the latter, as now manufactured, being of excellent quality and good to the taste. In 1918 Berlin is eating each month on its butterless bread 5,000 tons of marmalade, 2,000 tons of artificial honey and nearly 800 tons of beet syrup, equivalent to an average daily per capita "breadspread" ration of an ounce and a third. And this ration can be kept up throughout the current food year—can even be raised if desirable.

The sugar shortage has generated an insatiable popular craving for saccharine, and the factories, being unable to keep pace with the demand, there is now a saccharine shortage. The hard-pressed factories are rushing the crude crystals on the market as fast as producible. At that the best that can be done for the sweet tooth of Berlin is to apportion a tiny envelope of saccharine crystals to each family per month.

Surprisingly, a vinegar shortage has developed, although Germany's 1917 production was only 10 per cent. below normal. The

demand for vinegar for preserving purposes has been such that little surplus is available for private households.

There is also a salt shortage, which has made itself more and more unpleasantly felt. For this the car shortage is in first line to blame; in second line, Germany's large salt exports to Holland and other neutral countries.

Coffee is only a memory. A cup of genuine coffee in 1918 is as rare as the dodo. Not only are coffee substitutes hard to obtain, but they are poor in quality, while the price has risen so much that maximum prices had to be fixed.

Two classes of substitutes are distinguished in the war food laws—grain coffees, including malt coffees, for which the maximum price is 13 cents a pound, and all other substitutes, which may be sold for up to 21 cents a pound. Fig coffee and chemical "coffee" essences are occasionally to be had in small quantities, but only at fancy prices.

The German chemical industry has succeeded in manufacturing synthetic caffeine in commercial quantities, and experiments of adding the basic coffee drug caffeine to grain

coffee substitutes are said to have yielded encouraging results.

Tea has become a curiosity. Small quantities of so-called German teas—dried berries, herbs and leaves—have been sold to the public at exorbitant prices as “medical teas” to circumvent the maximum prices for “German teas.”

The familiar storm signals of shortage are already discernible in wines and liquors. French champagnes are nearing their end in Germany, and the peace prices have doubled and trebled, ranging from \$10 to \$15 a bottle. Stocks of French red wines, Bordeaux and Burgundies are beginning to run low, with the accompanying phenomenon of doubled prices, owing to the incessant demands for red wines in the military hospitals. Port, sherry, Madeira, Malaga are virtually unobtainable, the nominal cost averaging \$5 a bottle. German wines have kept pace with the vanishing imported in soaring prices. Brandy, whiskey and liqueurs have doubled and trebled in price, and the limited stocks are held back in anticipation of even steeper prices.

But beer is the real Strindbergian soul

tragedy of every thirsting German. During 1918 the breweries may brew only 10 per cent. of the malt quantities constituting the average quantities brewed in the years 1912 and 1913. As a special concession, Bavarian breweries may brew 15 per cent. Four-fifths of Germany's entire beer production today is reserved for the army.

The German war beer, increasingly thinned and stretched beyond recognition, has reached the limit of tenuity. The standardised war beer of 1918 for all Germany, except Bavaria, has only one-sixth the strength of peace-time beer.

In peace times one pound of malt yielded on the average two and a half quarts of beer; today Bavarian breweries get from fifteen to seventeen quarts out of one pound and the North German breweries fifty quarts.

Germany's war beer has been alternately stretched and increased in price, and the oscillating process continues. While their favourite beverage has become legendary, the leading breweries of Germany have been able to declare dividends ranging from 10 to 20 per cent.

## CHAPTER IV

### GERMAN FOOD STRATEGY

**A**FTER three food years of bitter experience and experimentation, involving a host of makeshift measures and mistakes and an encyclopedia of ordinances and regulations, German food strategy has at last crystallised into certain basic principles. They are first consistently applied for the official food year of 1917-18 (dating from harvest to harvest) and with minor variations will guide Germany's food policy for the balance of the war.

Though it sounds like a platitude, the most important factor is the systematic stimulation of production to the limit of Germany's agricultural strength, to squeeze every possible drop of bread and potatoes out of Germany's war-impooverished soil; to make Germany absolutely independent and self-dependent, as if there were no nearby neutral and conquered countries. This truth was slow to trickle into the brains of Germany's economic General

Staff, who neglected the root of all food shortage and specialised almost entirely on the control and distribution of foodstuffs until the present food year.

Germany's acreage under cultivation has gone back sharply and the yield per acre has dropped, so that a "good" war crop is smaller than a middling or fair peace-time harvest. This must be borne in mind when reading official German crop reports. Thus, the 1917 potato crop, a life saver for Germany, was enthusiastically hailed as "splendid," whereas in cold figures it was 10,000,000 tons, or more than 20 per cent., less than the normal average potato crop for the decade before the war. The sharp shrinkage of land under cultivation may be gathered from the fact that the acreage of potatoes alone has gone back more than 40 per cent. during the war. Stimulation of production is thus the vital problem to be solved.

Germany's agricultural production has reached the lowest level of the war, but it has also touched rock bottom. With concentrated attention Germany's acreage can and will be increased. With an even break in



the weather Germany's crop figures must be calculated on to increase.

The causes for the decrease in acreage and yield lay in the shortage of labour, the shortage and underfed condition of draught animals, the shortage of fertilisers and the maximum prices and onerous official burden of rules and restrictions. No class of Germans has suffered so severely as the hardy peasantry. The percentage of physical fitness being considerably higher than in the cities, the land has been combed clean of able-bodied men, including the middle-aged Landsturm. Tilled only by women, boys under eighteen, invalids, old men, war prisoners much given to sabotage and laying down on the job, and the relatively small proportion of soldiers who could be spared from the front on farming furloughs, Germany's once famous intensive agriculture has today lost its punch.

These causes are being remedied, in part at least. The productiveness of the patriotic peasantry is being whipped up by an adequate propaganda. Every hundredweight of oats and breadstuffs, every pound of butter, every quart of milk, the peasants are told,

“helps to bring about ultimate victory and an honourable peace.” And the peasantry is responding as it has always done.

The Jungmannen (organisation of boys being put through a preliminary course of semi-military training to prepare them for compulsory military service) of the cities are being sent by tens of thousands out to the land, where they work for their board with a little pocket money thrown in. East Prussia alone has asked for 30,000 Jungmannen for 1918, and the fuller mobilisation of this young labour is calculated on materially to increase Germany's 1918 harvest. In addition to the Jungmannen, thousands of school-boys will be sent out to the land to work during the farming season. Another important accession of farm labour is expected from the home garrisons. The “dismantling” of the east front will release an immense amount of able-bodied farm labour.

Germany's nitrate plants have increased their output to such an extent that not only are the requirements of the war industry fully covered, but there is an increasing surplus available as fertilizers for the farmers. Consequently, an increase in the yield per acre

must be reckoned with as at least a strong probability. Barring catastrophic weather conditions, the prognostication for the harvest of 1918 must be regarded as distinctly favourable. Unless there is a complete crop failure, Germany's last food crisis will have been passed in the spring and summer.

Another principle of German food strategy, beginning to be rigorously applied, is that every last ounce of food must be taken away from the producers above their bare requirements. This applies particularly to Prussia, where the "pull" of the powerful conservatives and agrarian interests was so strong in Berlin that until now food ordinances and policies have always spared the agriculturist. The stocks of foods hoarded and consumed by the peasantry and the agrarians under this system have been so immense that in future the farmer will be ruthlessly stripped of all that he raises above a ration which still averages about 50 per cent. higher than that of the city dweller.

To lure the last particle of surplus food away from the farmer the patriotic propaganda is again invoked—"He who withholds

food is a traitor to his brothers dying at the front" and "sins against the Fatherland." To make sure of getting the last scrap of food away from the agrarian the law now provides heavy fines and punishment for withholding food information or for untruthful crop reports. The district authorities have the responsibility for rounding up all food stocks in agrarian hands.

A last principle of food strategy is that human beings must be considered before animals, and that of the latter, the more useful must receive first consideration. More specially, it means that for the balance of the war, in the allotment of Germany's harvest, the army (man and beast) comes first, then the civilian population, then breeding and draught animals, while all other animals have the last claim on any surplus.

There are no reliable, no even approximately accurate, crop statistics for the last harvest. Successive estimates by experts have varied by millions of tons. There is reason to believe that producers, for selfish reasons, very generally turned in false figures; there is more than a suspicion that the actual crops harvested have been under-

estimated rather than overestimated. And on this basis of uncertainty the whole complicated structure of Germany's food apportionment and rationing has had to be built.

The 1918 food problem is complicated still further by the fact that Germany just barely reached the last harvest with stocks of breadstuffs virtually exhausted, so that the surplus carried forward into the new food year is negligible. The moral pressure alone of America's embargo has caused food imports from neutral countries to shrink to such an extent that food imports in any but negligible quantities cannot be counted on during 1918 with the certainty that existed in 1915, 1916 and the first half of 1917, when vast quantities of foodstuffs were imported.

Germany's crop of wheat and rye, though at first officially characterized as a "good middle harvest," is now known to have been somewhat below the average—the war average—and though of good quality it is not sufficient to cover the guaranteed bread ration, which nevertheless must be maintained and can only be maintained by stretching the breadstuffs with potatoes.

Germany's potato crop, which will have to

bear the brunt of the defensive against famine in 1918, voted "very good" and "splendid" by officialdom, was only fair (estimated at from 30,000,000 to 35,000,000 tons—good when compared with the 22,000,000-ton potato failure of 1916, decidedly poor compared with the 55,000,000-ton crop of 1915, unfavourable compared with the peace-time average of 45,000,000 tons).

After deducting a 20 per cent. margin of rotting, the balance has been apportioned as follows: 1,600,000 tons for the army, 84,800 tons for the navy, 1,500,000 tons for the army's horses, 5,190,000 tons for the producers, 7,340,000 tons for the urban population, 214,000 tons for hospitals and prison camps, 1,000,000 tons for "stretching" the short wheat and rye breadstuffs, 800,000 tons for industrial purposes, 550,000 tons for the manufacture of starch, 80,000 tons for making yeast, 2,450,000 tons for the manufacture of alcohol, almost exclusively for military purposes, and 5,340,000 tons for seed potatoes. The small, unknown and uncalculatable remnant, together with the 20 per cent. which, according to experts, will rot owing to the peculiar quality of the 1917 crop, include

---

both feed for draught and breeding animals and the iron potato ration of the German people for 1918.

The popular cry for a weekly per capita ration of ten pounds cannot be complied with; the above close calculation is based on an unalterable ration of seven pounds.

How close the army horses were to the starvation mark at the end of the last food year is betrayed by the fact that the State, at the instance of the military authorities, had to offer the farmers a special speed premium for the early threshing of oats. The lion's share of the small oats crop goes to the army; the slender remnant is reserved for agricultural and industrial horses only; there is nothing for the public. The bulk of the barley crop, 35 per cent. less than that of the preceding year, is reserved for the brewing of the army's beer in 1918: A small fraction is set aside for the manufacture of malt coffee and malt extract for the public. Nor will the layman get an ounce of the peas and beans crops, which are confiscated for the army and the war-industry workers. On the other hand, the beet sugar crop was at least 50 per cent. better than in the preceding year,

and beet sugar is counted on to help fill the gap caused by the fat shortage. The hay crop was a failure.

Not even disciplined German animals can eat their fill and keep fit for work exclusively on official food ordinances. The 1918 food quilt, stretched to the limit, barely covers the German people, leaving the animals out in the cold. For farm horses, which are placed in a preferred class, a per capita ration of two pounds of oats a day has been decreed. Some slender provision will also be made for city draught horses, draught oxen and breeding animals. For the rank and file of live stock, however, there is nothing left except a prohibition, whose infringement entails heavy punishment.

Sooner than see their cattle starve to death on their hands, the agrarians must either break the law or ruthlessly slaughter live stock which, being emaciated, will yield little in meat and prove no material addition to the food supply of the people. The enforced killing off of virtually all but draught and breeding animals means a further increase in the milk shortage and, ultimately, little or no meat.



The food authorities have wisely decreed the drastic operation of cutting down the stocks of cattle and pigs to the bone. Resentful agrarians were officially comforted with the argument that this measure, particularly pigs, was "absolutely necessary in order to end the war victoriously." The unsuspected connection between pigs and patriotism is responsible for the fact that today virtually all German hogs have died for the Fatherland—the resultant pork has been confiscated for the army, and until such time as Germany's stock of pigs can be built up again, pork has vanished from the menus of the masses.

How many milch cows can be starved through into the spring no German expert is rash enough to prophesy, but it is certain that milk, too, will be a minus quantity as far as the public is concerned. Official food strategy has foreseen this peril and has worked out a dramatic counter-move—the German people are to drink malt extract instead of milk.

Pathetic, too, is the fate of the German hen. There are no strength-giving official rations for barnyard fowls, and such chickens

as still live are not laying. The egg supply has broken down completely. As the egg ration has in the past been one egg in two or three weeks, the possibilities of the future can be imagined.

The malnutrition of horses, both military and civilian, has been called a "sad chapter" of food history. German war correspondents have chronicled the emaciation of the horses that participated in the fall offensive against Italy, while the Berlin cab horse continues to live from sheer force of habit. Horses in official positions are little better off, the Chief of the Berlin Fire Department declaring the nutrition of the horses so bad that out of each four pieces of apparatus only three could respond to a fire.

Paternalism toward the poor horse is the inevitable result, and here, too, Berlin has led the way by building, at the expense of \$250,000, a "Municipal Institute for Horse Feed," where a newly patented "*Ersatz*" feed is manufactured for rationed war horses. Wood pulp is said to be its principal ingredient.

There is, however, good news for suffering animals, if they live long enough, for there

has been recently founded the "Kaiser Wilhelm Club for Animal Feeding," whose purpose is the reform in feeding methods on the basis of exact scientific research, together with the emancipation of Germany's live stock from imported feeds after the war, thus effecting an annual saving of \$250,000,000.

Food strategy for 1918 still includes milking the conquered countries of all surplus foods over and above the barest requirements of the natives; but with the difference that this year the uncertain quantities of grain and other foodstuffs which may be obtained in first line from Roumania and Poland are regarded as potential "velvet" and are not calculated on except as part of the last line of emergency reserves. The bulk of the food extracted from them goes into military stomachs.

Germany does not count on obtaining any important tonnage of foodstuffs from neutral sources in 1918, as America's embargo and the neutrals' own needs have checked the flow of food into Germany and virtually sealed Germany's neutral borders against leakages of Danish dairy products, Swiss chocolate, Norwegian fish and Dutch specialties.

Not taken into the specific calculations for 1918, but nevertheless eagerly hoped for, is food from Russia, particularly corn and other cattle feed. The peace negotiations at Brest-Litovsk had hardly begun when officials of the Imperial Economic Department and leaders of the grain trade held conferences to scheme ways for laying hands on Russia's grain at the earliest possible moment. The importation of Russian grain will be a monopoly entirely in the hands of a syndicate under State control.

Interesting novelties in food tactics are to be noted in 1918. The most curious is an officially instigated "food pessimism" propaganda, particularly regarding potatoes, the object being to disillusion the public of the widespread idea that the potato crop was so brilliant that a larger ration could be given if bureaucracy but would, whereas the policy heretofore has always been to paint the food situation slightly more rosy than it actually was. The people are today told that while not bad the potato crop was not so good either as popularly assumed.

A significant tactical novelty was the introduction of the "speed premium" of \$15 per

---

ton for early delivery of grain, in addition to a bonus of \$17.50 per ton for early threshing. That such inducements, in addition to already high maximum prices, must be made to the agrarians in order to cover the most pressing needs of the army and the people during the critical transition from the old food year into the new speaks eloquently for the slenderness of the food margin on which Germany is warring. In addition to cash incentives, there is highly organised help from the military authorities to accelerate the early and copious flow of grain.

The most important innovation is the change from the so-called compulsory apportionment to the system of delivery contracts for potatoes in 1918, as a result of the harsh lessons learned from the failure of last year's scheme of potato supply. All Germany is divided into producer communities and consumer communities, and under the old scheme of compulsory apportionment neither had a word to say, neither could come into the market and buy or sell where they pleased.

The Imperial Potato Bureau issued iron-clad orders to the producer communities to ship their quota of potatoes to specified con-

sumer communities at the fixed maximum prices and the latter in turn could obtain only such potato supplies as the Imperial Potato Bureau ordered routed to them. Thus certain communities would be compelled to ship their entire potato production to Berlin, another to Cologne and so on. A fatal weakness lay in the machine-like rigidity of this bureaucratic system. Autocratic compulsory apportionment developed such wasteful blunders, entailing, among other things, an overburdening of the railroads, as compelling producer communities hundreds of miles away to ship their potatoes to Berlin and other distant cities, producing communities near Berlin in turn being ordered to ship their potatoes to other faraway consumer communities.

Under the new system of delivery contracts a small saving element of free commerce has again been injected into the problem of potato distribution. The cities and other consumer communities are now able to make their own contracts direct with whatever producer communities they please, subject only to the ratification of the Imperial Statistical Bureau, which keeps sharp watch and

---

control to see that the cities do not contract for more than the absolute requirements of their rationed populations.

Supply and demand again having a limited amount of free play, the flow of potatoes from the country to the cities tends to resume the more normal channels, to the not inconsiderable relief of the railroads. All the cities of Germany are today fully covered in potatoes until spring, and even for Berlin there can be no danger of a potato shortage as last year.

## CHAPTER V

### FOOD SHORTAGE EVILS

**F**OOD pressure has had a humanising effect on the Germans; it has made them, in rapidly increasing numbers, less law-abiding, more prone to wink at authority—and many an honest German has become a past master in the gentle art of grafting.

“*Schleichhandel*,” or clandestine traffic in food, like “*Ersatz*,” or substitutes for food, has become a household word. This traffic is still spreading like a cancer, all official surgical efforts to root it out being impotent, and, second only to the possibility of a catastrophic crop failure, it constitutes the gravest menace to the food supply of the German people. Growing from modest beginnings, it has become not only the national war vice but a recognized profession and system.

The germ of the present vicious “system” is generally traced to the State arsenal and ammunition works at Spandau, near Berlin, where the military management, in order to



check an incipient "hunger" strike, bought up large quantities of foodstuffs and distributed them. The all-powerful war industries, with millions of profits, were quick to follow this example, and by hook or crook get food to sell to their workers regardless of maximum prices.

The next step was the keen competition between the war industries to hold their workers and get fresh labour by making food conditions increasingly attractive. Krupp and the other big fellows have their food directors, their food warehouses and hundreds of agents scouring Germany to snap up foodstuffs at fancy prices. The authorities, aware of what is going on, are helpless, the military authorities, in fact, tacitly approving.

This keen competition has driven prices to three, four and ten times the legal maximum and opened up dazzling prospects to farmers and dealers. It has caused a dangerous diversion of foodstuffs in quantities so great that no expert has the nerve to estimate them from the scantily fed public into the maw of the war industries.

But the evil has not ended here. The comparative luxury among workers of the power-

ful industries has aroused jealousy in the weaker industries which cannot compete in illicit buying. Bitter dissatisfaction and labour unrest has resulted in less favoured industrial centres, in the factory sections of the large cities. Again, the system has occasioned such food shortage in the cities that municipalities have had to forget the law and compete with the war industries for the floating supply of illicit foodstuffs, completing the vicious circle.

In the fierce subsurface struggle for existence, war industries and municipalities are involved in a battle royal for the prize of Germany's small surplus food stocks, and as prices rise graft and law-breaking are stimulated on the part of producers and profiteers and the diversion of food from the masses increases alarmingly.

The illicit traffic includes everything eatable, and there are many ways of circumventing the laws. In breadstuffs, the traffic is limited to such quantities of wheat and rye as the agrarians and peasants "embezzle"—fail to give up to the State, which confiscates all breadstuffs at the source—or to the reserves for seeding. Herein lies an additional grave

danger to the nation's food supply, for large quantities of seed wheat and rye are sold through the "*Schleichhandel*." Profiteers have been known to offer seed wheat at from \$25 to \$50 per hundredweight.

In potatoes the war industries have been able to cover their requirements not only by high prices, but, in many cases, by offering the producers coal or fertilizers. Exorbitant prices have induced producers to withhold deliveries of fresh and winter vegetables on their less profitable contracts at legal maximum prices with municipalities, cheerfully pocketing the 5 per cent. legal penalisation and leaving the cities denuded of vegetables.

The war industries pay up to \$1 a pound for meat procured from the wholesale cattle dealers' associations, which have been entrusted with the monopoly of the live stock business, circumventing the maximum prices by premiums, extra commissions, expenses and other subterfuges. Milk has similarly been drawn into the vicious circle, while there is a flourishing illicit traffic in butter at prices ranging from \$2 to \$4 a pound. Oats have been known to change hands at 700 per cent. above the legal price, while for

feed in general there is an active illegal market, stimulated by the competition of private live stock owners.

Municipalities and industries that keep within the law, if there are any, run the danger of seeing their populations more poorly fed than those of the law violators, with resultant discontent and popular unrest.

The more sensational wholesale food law violations, however, are overshadowed in ominousness by the daily millions of petty individual infringements and violations, which in the aggregate constitute an immense drain on Germany's closely rationed supplies and one serious, apparently irremediable, cause of shortages. Procuring forbidden food has become a national habit. At least half of the German people do not restrict themselves to their legal rations.

This petty "*Schleichhandel*" is of fascinating and infinite variety. It has infected the army; common soldiers, staff officers, even generals have got the habit. Quantities of military food supplies have found their way back home. Soldiers at the front try to smuggle home small food parcels through the field post, although it is strictly

forbidden. Soldiers returning on furlough make a practice of taking home concealed food, sugar, cheese and sausage being the favourite items, though the more daring not infrequently try to get by with pork and poultry. To check this smuggling there is a sharp customs inspection of soldiers' baggage at the German border control stations.

A salesgirl in a Berlin store asked a confidence inspiring customer if she didn't want to buy some sausage, explaining that her brother, just returned from the Flanders front, had brought home ten pounds of *Dauerwurst*. The price was \$1.50 per pound and the customer snapped at the bargain.

Officers, being immune from search, bring home not only the bacon but butter in pots, coffee, sugar and other rarities. A certain Prussian staff major, returning from the west front, overjoyed his wife with a Christmas present of two pounds of butter and five of sugar. Officers in the field frequently send home to their families by their servants or trusted soldiers.

I heard the sad story of a lieutenant general who came home from the east front bringing as part of his "battle baggage" a

hamper containing ten dressed Polish geese. They were lost in the fierce baggage scrimmage at Berlin. The general's orderly, left behind to find the geese, let the cat out of the bag. On locating the hamper the wily station officials pointed out the law and said the geese would have to be sent to the customs "revision." This polite hint of blackmail resulted in a compromise, the orderly getting one goose for his general and the officials accepting the other nine.

Illegal shipments from food producers to profiteers and consumers in the cities increased to such an extent that the overburdened Prussian State railroads have discontinued express shipments, resulting in a heavy, increased strain on the parcels post. It has been repeatedly charged that post office officials "sniff" after food parcels, and it appears to be a fact that suspicious-looking packages are opened, and if found to contain food contraband, confiscated—not infrequently filched by the lucky official.

Smuggling in personal baggage has grown to an astonishing extent. Professional food travellers work the provinces. An army of amateurs plays the same game. Shrewd

---

country folk have become tourists and find it advisable to see Berlin and the iron Hindenburg. Poor relations from the country are assured of an enthusiastic welcome from rich city kinsmen, because they come bearing pots of butter and sides of bacon.

Legions of housewives make it a regular practice to go on one-day food expeditions into the surrounding country or spend the week-ends in the more remote food-hunting grounds. Whole Berlin families by the thousands make short excursions on Sundays into the country, returning with bulging knapsacks, and even the innocent baby carriage has been known to serve in the illicit traffic. The well-to-do in many cases have commissionaires scouting for food about town and in the provinces.

But if you are willing to pay exorbitant prices you can buy all controlled foodstuffs without going to any personal trouble. Professional dealers in illegal foods will call you up on the telephone or call around to the house. Most of them have a preferred list of regular customers. The food authorities have closed down some of Berlin's most famous restaurants, such as Hiller's and Dres-

sel's, for violating the food ordinances, but you can still be tipped off to numerous small eating places where a portion of meat can be obtained without meat cards. If you have ingratiated yourself with the chef of your hotel, you will have no trouble in getting butter at \$2.50 or \$3 a pound.

While the extent of the Food Law violations betrays the food pressure in Germany, paradoxically it is also a favourable sign, indicating that there is more food in Germany than is commonly supposed or officially known.

There is no actual food shortage in Germany. Where symptoms of shortage appear, the trouble lies in the faulty economic system, about which two schools of thought today hold diametrically opposite views, the one blaming the new State Socialism, with its maximum prices; official inefficiency, virtual elimination of the middleman and the normal, healthy channels of business; the other contending that government control of food has not gone far enough, and that complete control must begin at the source and continue all along the line to the ultimate consumer, leaving no loophole or leak.



---

Palliatives and halfway measures so far have not served to check the illicit traffic. Food inspectors are active in the producing provinces, checking up stocks on hand against the figures turned in to the local authorities. House visitations have not been unknown in the cities. The secret police are successful in making many big hauls of hidden food stores; personal luggage inquisitions are occasionally made on trains and detectives swarm about the big railway stations looking for food travellers and suspicious trunks.

The full penalty of the law is inflicted in cases of conviction for violations, and hundreds of thousands of prosecutions are pending. The courts are overworked. The root of the trouble being human nature, however, as long as exorbitant profits are to be made and real food is to be bought by closely rationed Germans, the present system must continue. The evil can be checked and greatly reduced by tightening food control to the limit of the humanly possible, particularly at the source, and this policy will undoubtedly be pursued for the balance of the war. A beginning has already been made in the case of the last grain crop, which was taken over

by the authorities with unprecedented sharpness and thoroughness.

Food pressure breeds a swarm of minor food frauds. New records have been set for milk watering, up to 50 and 60 per cent. in some cases. "Stretching" offers a fertile field for fraud. False labelling, palming off of inferior substitutes, short weight in package goods, and petty chicaneries on the part of retailers, such as refusing to sell a rationed food unless the customer at the same time buys with it an expensive fancy container or other costly merchandise—all these practices have reached a maximum in 1918.

But the particular something which is rotten in the State of Germany is the "*Ersatz*" food industry. There is no Pure Food Law in Germany, no protection whatever for the buyer of fancy-named "*Ersatz*" products, and apparently no other legal curb on this form of food fraud, except the law of "*Kriegswucher*" against selling foodstuffs at usuriously exorbitant prices, under which prosecutions of food fakers are possible.

Beginning modestly at the outbreak of the war with the manufacture of "Love Gifts" sent from home to the soldiers at the front,

such as bouillon and punch cubes containing neither food value nor alcohol, the "*Ersatz*" has made giant strides keeping pace with food shortage, until today many millions are paid by the German people for worthless and often harmless substitutes. It is impossible to think of an article of food for which there is not a variety of "*Ersatz*" preparations on the market. The shelves of the grocery stores are well stocked only with tins and packages and bottles of *Ersatz*. And now *Ersatz* products keep coming into the market faster than Germany's physiological chemists and laboratories can expose them; estimates of the number of food *Ersatz* preparations ranging from 8,000 up.

As a few typical examples may be cited, butter *Ersatz* or margarine or tallow mixed with potato flour containing from 10 to 20 per cent. fat; a butter-stretching *Ersatz* of yellow-coloured potato flour and salt; a cooking butter *Ersatz* of coloured straw meal and milk powder; salad oil *Ersatz* assaying up to 98 per cent. water; egg *Ersatz* containing no vestige of egg, the principal ingredient being yellow-coloured flour or baking powder with a trace of albumen thrown in as evidence of

good faith; soup powders and bouillon cubes, analysing up to 90 per cent. salt with a small admixture of spices or herbs; fruit jellies of coloured gelatine and water flavoured with essential oils; aromatic pudding powders with an aroma of sulphuric acid; meat *Ersatz* made of pickled shellfish. And these delicatessen are sold at prices out of all proportion to the manufacturing cost, the profit running up to 1,000 per cent.

To protect the public's pocketbook and health, Württemberg publishes an official blacklist of *Ersatz* preparations. The German people generally, however, regard the *Ersatz* industry rather good-naturedly, as an inevitable evil incident to hard food times, while *Ersatz* provides profitable material for the professional humourists.

## CHAPTER VI

### THE CLOTHING PROBLEM

**A**LTHOUGH no honest German is reported as forced to go naked at the commencement of the 1918 season, there nevertheless is a shortage of new clothing in Germany. As in food so in the matter of clothing, the army comes first. And in order to forestall the otherwise by no means ludicrous possibility of losing the war by being forced to fight in their socks or shirts, the German army has been covered by a provident War Ministry as to its clothing requirements for many years to come—for a war of “unoverseeable length,” as the Germans quaintly phrase it. This is made possible only by confiscating all stocks of raw materials, semi-finished and finished cloths, shirtings, sheetings, linens, cottons and woollens—even rabbit skins—in any way adapted to the use of the army or convertible for ultimate army wear on the one hand, and on the other, throttling down the entire im-

mense clothing industry to a minimum of production except where working in the military interest, taking care only to prevent too precipitate wholesale unemployment.

The raw material situation is distinctly bad. It is extremely doubtful whether there is a single bale of raw cotton left in all Germany in manufacturers' hands. The conquered territories have been combed with military German thoroughness, and though big hauls were made, notably in Belgium and the Lodz manufacturing district in Poland, these stocks were used up long ago, while the home needs of the neutrals have prevented any cotton coming in, with America's embargo making assurance doubly sure. Germany's cotton problem for the balance of the war essentially is one of making old goods into new, of collecting unwearable cotton clothing and putting it through the mill again.

Nor is the wool situation much brighter. Austria has first whack at the fleeceable sheep of Hungary and Serbia, and Germany's own wool production, added to all the other conquered territories can be made to

---

yield, covers but a fractional part of the army's requirements alone. Here, too, the solution can be only that of manufacturing shoddy of ever-increasing shoddiness as the war lengthens. The stocks of raw silks, though last to go, are exhausted too, and despite the fact a well-organised propaganda succeeded in increasing Germany's acreage of flax and hemp, the yield is negligible compared with Germany's normal linen requirements. The lack of jute, too, has become a worry to the Government. It does not exist today.

That Germany is in no danger of being threatened by an epidemic of nudity at some distant future stage of the war is entirely due to the sensational turn in the development of the paper thread industry, culminating in the technical triumph of practical woven paper materials. What started as a seemingly visionary emergency experiment has been perfected into a process of permanent value. Cotton spinners have evaded closing down by adapting their plants to paper thread and paper yarn spinning, on which thousands of once idle spindles are running again. Cotton goods and jute makers alike have

eagerly gone in for paper weaves from coarsest to finest qualities. In the opinion of experts the new industry still is only on the threshold of its development. It is prophesied that after the war the production of paper materials will assume such proportions that the importation of cotton and jute will be greatly limited, thus helping to restore Germany's unfavourable trade balance and boost up the fallen mark exchange. German manufacturers are even dreaming of its export possibilities, of conquering world markets with their paper fabrics in competition with the cotton goods of England and America.

There is no doubt that the new paper fabric industry could turn out wearable substitutes for all necessary articles of clothing heretofore made of cotton, wool or linen. The public, however, has shied at the misnomer "paper clothes" and the public's prejudice against wearing "paper" has not yet been overcome.

Paper fabrics must be washed in lukewarm water and under no circumstances must they first be put to soak, or boiled, or put through a clothes wringer. Also, paper lingerie must



---

be ironed under absorbent paper. Under the circumstances, the man on the street and the average woman, too, prefer to stick to patched and shredded garments rather than take a chance on the paper innovation.

The manufacturers' enthusiasm for educating the public down to wearing paper has been further crimped by the fact that the entire production of paper thread and fabrics has been confiscated to secure the increasing requirements of the army, and only small quantities are released for the home market. Nevertheless, the time is bound to come when Germans in large numbers will be forced to choose between wearing paper or nothing.

With the exception of a limited number of luxury articles and certain frills and furnishings, such as collars and neckties, not an outer or under garment, not a piece of clothing can be bought in Germany today without a permit issued on personal application to the police only after a hearing, sometimes involving cross-examination and sworn affidavit that the clothing in question is sorely needed by the applicant. Frequently it is necessary, and generally, to expedite the permit desir-

able to bring along your outworn garments as evidence of necessity.

There is a standard war wardrobe for both men and women. It entitles a man to have and to hold, among other things, four pairs of socks or stockings and three undershirts—four for women and the same number of underdrawers; three nightshirts or gowns, three outershirts for men and three blouses for women; two suits for either sex and likewise two overcoats or cloaks.

Records of cloth in permits issued are kept at the issuing bureaus, and if you come back for more with frequency you will be investigated and, if innocent of fraudulent intent, cautioned not to wear your things out so fast. By this system, the consumption of new clothing has been reduced to the limit of the decently possible, while the wear of old has been stretched to the physical utmost of service.

The well-dressed woman and the rarely-met man-about-town still can keep up appearances tolerably, for the otherwise tight clothes-rationing scheme, whose purpose is by no means idealistically the enforcement of clothes equality and democracy, but merely

the practical curbing of the buying propensities of the broad masses and middle classes, exempts all luxury clothing, including silks, satins, brocades and velvets, model gowns and expensive toilettes generally whose cost is beyond the reach of all but the well-to-do.

For those who desire and still can afford to be well dressed, there is yet another possibility of acquiring new clothing. There are in all German cities patriotic and charitable organisations specialising in collecting clothing for the deserving needy, and these organisations will accept slightly worn clothing, either as gifts or under payment of their old clothes value, and in return will issue permission to purchase a similar new garment.

The serious problem of providing adequate clothing for the genteel poor and the masses, whose slender incomes are almost entirely absorbed by the high food prices, engages the combined attention of municipalities, patriotic and charitable organisations in co-operation with the Imperial Clothing Bureau, and, with the possible exception of the mass-feeding institutions, no form of war social welfare work is so highly organised or so

efficiently conducted, without humiliation to the poor.

Berlin, Leipzig and the other large cities have established "Clothing Collection Bureaus" where old clothing is bought at nominal prices, with the real inducement and valuable consideration of a free permit thrown in. This municipally-bought old clothing is repaired, renovated and sold to the poor at nominal prices. Patriotic and charitable organisations, which have established clothes collection bureaus, likewise distribute immense quantities of clothing to the poor; thus the Berlin branch of the Red Cross specialises in clothing the wives and children of soldiers and in providing decent civilian suits for discharged soldiers.

A new war corporation, labouring under the name of "Clothing Utilisation Company," is a vast reservoir into which flow the better grades of cast-off clothing, through a thousand channels; repaired and freshened up, they are sold again at cost without profit, and the business of this semi-State institution has already passed the \$250,000 mark. The State itself takes an active interest in seeing that the poor are clothed, placing large orders

through the Imperial Clothing Bureau with the clothing trades for so-called "Imperial Clothing Goods," a small part going to charitable institutions, but the bulk being bought by the municipalities and sold to the needy at small prices through retail stores on presentation of special buying permits issued by the municipalities to the deserving. The City of Berlin has bought of the Imperial Clothing Bureau and resold to its needy a first instalment of 20,000 women's suits, 43,000 blouses, 64,000 skirts and 18,000 men's suits. Despite clothes shortage, rationing and old clothes paternalism, the German people are by no means shabby, even in the fourth year of the war; the standard of neatness among the poor is still distinctly high.

Of the various clothes shortages the most serious is that of hosiery, which again is due to the shortage of darning cotton and thread, coupled with very inferior quality. What avail four pairs of stockings, if under increased wear and tear they quickly give out, and there's no darning material? Darning is fast becoming a lost art among German women, for whom the shortage of sewing materials is one of the heaviest trials of the

war. So bitterly is this shortage felt that the State and military authorities have had to take a hand in rationing the supply of darning cotton and thread. A small periodic distribution is made to the tailoring and dress-making trade and to the populace on special cards.

The most indispensable swaddling clothes and baby linen are so short that the charitable and social welfare work organisations of Frankfort and other large cities have had to issue patriotic appeals to the better situated mothers to donate all possible cotton and linen articles.

The acute soap shortage must be regarded as a serious secondary cause of the lingerie, hosiery and household linen shortages. German war-time laundries hold all world's records for speed and thoroughness in ruining laundry, and casualties are just as heavy under home washing. There is hardly a cake of good, pure laundry soap in Germany today, and the "*Ersatz*" soaps and imitation soap powders and nondescript chemical washing powders that have flooded the country are ruinous even to new clothing.

Acute, too, is the shortage of toilet soaps.

The sensitive nose can measure this condition in all crowded public places, but though the authorities early sniffed the possible grave menace to public health and resorted to the microscopic rationing of soaps and soap powders, the aroma of the unwashed is steadily enveloping even those higher up in the social scale.

Of shortages there is no end in Germany. There is a very flourishing shoe shortage, and a "throwing back" to wooden shoes—the fashionable footgear of the German masses in 1918. Again the army must come first; not less than 15,000,000 pairs of boots and shoes annually are needed for it. The importation of hides and leather has dwindled to negligible quantities; to cover the requirements of the army all stocks of stout boots and shoes and all inland raw hides and leather have been confiscated.

The entire boot and shoe manufacturing industry has been "consolidated," meaning that more than half of the factories have been compulsorily closed down. The remainder are running on material supplied through the War Leather Company, and entirely in the interests of the military. Agriculture also

must be supplied with indispensable leather goods.

The increased slaughtering of cattle and the hides of the cattle killed at the fronts barely supply material for the most urgent military and agricultural demands. Even then tanneries are forced to extend themselves to the limit, contending with labour shortage and a shortage of tanning materials. New processes have shortened the process of turning raw hides into leather to a matter of a few weeks, but only at the expense of quality.

None of this inferior war leather is today available, however, for shoes for the people, with the exception of the small scrap remnants.

Meanwhile, shoes are rapidly wearing out, and there is no repair leather. It is virtually impossible to buy new ones. Many shoe stores have gone out of business. Others keep open but display the "sold out" sign. In still others, freak sizes alone are to be found.

Germany has grappled with the problem in characteristic fashion—exhaustive study and experimentation with all manner of leather "*Ersatz*" and organisation of a new



war corporation, the "*Ersatz* Sole Company."

Early it was realized that wood was the best, and in the long run the only available substitute for sole leather, because the raw material could be procured. Unfortunately the same prejudice has developed among the German people against "wooden shoes" as against "paper clothing," and many even of the poor would rather go with wornout, leaky shoes than spend good money for the camouflaged wooden innovations.

While waiting for the nation-wide propaganda to educate the German people up to wooden shoes, the *Ersatz* Sole Company is conjuring shoes out of such weird leather substitutes as old sail cloth, paper fabrics, vulcanised rubber, felt, sulphite pulp and coal tar products and animal glues, with soles of horn, tin and other things. Durable soles are also said to be made by piecing small bits of leather scrap together, but the process is a dark war trade secret.

In the main the war-shoe industry is specialising in turning out shoes of wooden soles and cloth tops with narrow imitation leather trimmings. Twenty-five factories are already

able to turn out wooden soles at the rate of 100,000,000 pairs annually, and it is estimated that the consumption of wood in 1918 for this purpose will exceed 100,000 cubic yards.

The war shoe adds no saving touch of picturesqueness to German feet. It is essentially ultra-modern and the quite unrecognisable relative of the romantic wooden shoes worn by French peasants and Dutch fishermen on picture postal cards.

The shoe situation amounts to a public calamity, and municipalities have had to take emergency measures to end the unhappy state. Berlin, for instance, has set up a municipal shoe repairing institution, with more than 100 branches. Berliners can get their shoes repaired with wooden soles and heels within eight days at the low price of \$1.50 for ladies' and \$1.75 for men's.

At the same time the populace are exposed to another propaganda. They are urged not to wear their shoes "clean through," as in such cases the wooden "*Ersatz*" soles can't be fastened on, and there is even a movement to "do your repairing at home," with wooden soles and free courses of instruction supplied by the municipality.

## CHAPTER VII

### THE PROBLEM OF RAW MATERIALS AND WAR MATERIAL PRODUCTION

**D**ESPITE the blockade and embargo noose, the cutting off of all overseas imports and the stoppage of even minor leaks through neutral countries, it seems improbable that lack of indispensable raw materials will ever compass Germany's defeat. Struggling desperately to free itself from the strangling blockade from the very start of the war, Germany has been saved by her applied science and technology, which, goaded on by absolute necessity and at every turn haunted by the vivid spectre of certain disaster in what was often a heartbreaking race against time and dwindling imported materials, has succeeded, by discovering substitutes and new processes, in placing Germany's war material production on a sound basis.

The Germans themselves are inordinately proud of their scientific and technical achievements in this world's series between German

brains and British blockade; and they not infrequently allow their enthusiasm to run away with them to the extent of prophesying that, thanks to the blockade, Germany will be made independent of the world, even for peace times, in so far as many important raw materials are concerned.

It appears to be an indubitable fact that Germany's raw material position in 1918 no longer shows weakness, and that production of war material, even under the high-pressure Hindenburg programme, is prepared for a war of indeterminate duration. Credit belongs in first line, perhaps, to the Highest Military Management. No man with an idea, no crank of any scientific standing, no patriotic professor or spectacled inventor ever failed to get a prompt hearing from the military, nor the chance of practical trying out, while successful experiments found virtually unlimited backing.

Money has been no object in the intensive exploitation of new ideas, inventions, discoveries, processes, if you could "show" the expert advisers of the military management. And those observers who, like the writer, had occasion to travel the length and breadth of

Germany many times over during a period of war years, were able to see evidence of these indirect results of the British blockade, in the erection of new plants, new factories, sometimes spreading over scores of acres, as in the case of the "aerial nitrate" plants between Halle and Berlin, though the inner mysteries were closely guarded.

According to credible reports, hundreds of thousands of experiments have been conducted for war purposes only, and German science continues to rack its brains unabated. New special scientific laboratories and institutions have been founded, such as the Coal Research Institute, and it is claimed for German war science that it is still only on the threshold of the possible, even though, during the war, science and technology have already, in the enthusiastic German view, made the equivalent of half a century of peace-time progress.

The Germans consider their first scientific triumph of the war to be the emancipation of the explosives production from cotton and Chili saltpetre, the explosives developing a sudden amazing appetite for cellulose and sugar. The production of nitrates "from the

air" has been increased until the requirements of the ammunition production are said to be covered with a surplus for agriculture.

Well-informed Germans, in discussing the raw materials problem, seldom fail to boast of Germany's world potash monopoly. It has not, however, been possible to maintain production at the peace-time figures.

The production of synthetic rubber has been more and more nearly perfected, until today it is an important factor in Germany's war economy. For vanadium and other rare ingredients of high-grade special steels the Germans are now using molybdenum, and they are also making a chrome steel, obtaining the chrome from Austria. For many uses, for which copper was formerly considered indispensable, they have successfully tried substitutes. In place of copper guide rings on shells a new soft steel, perfected early in the war, proves adequate. In place of copper electrical wire a somewhat thicker wire, said to be a soft steel composition, is being extensively used.

Coal has proved a veritable "*Ersatz*" mine, especially for the vile-smelling benzol, "*Ersatz*" for gasoline. A considerable num-

---

ber of oils are being won by distillation from the lowest grades of soft coal, and of late German scientists have succeeded in extracting fatty acids from the same source, said to fill a long-felt want for the manufacture of soaps and fats. Germany's war requirements in oils are partly met by coal distillates and by the increasing output of the Roumanian oil fields and refineries, in German hands, whose production has been brought back to half the peace-time normal. For 1918 Roumania's production, under German management, is estimated at 1,000,000 tons of petroleum and 150,000 tons of benzine.

Germany's iron and steel industry keeps pace with the more urgent war requirements at the expense of neutral and home needs, which are virtually ignored. It reached its war maximum during the summer of 1917 and has barely been able to maintain this rate. It appears certain that production cannot be increased. The volume of production is circumscribed by transportation troubles, by the bad condition of the railroads and waterways.

The output of Germany's iron mines leaves much to be desired, from the German point

of view. Here the troubles are virtually the same as in the coal industry—labour shortage, inexperienced new labour, lowered individual efficiency as a result of food shortage and car shortage. The most heroic efforts barely suffice to keep the output of iron ore at or near the normal peace level. Particularly keen is the demand for manganese ores and other high-grade ores. Some welcome relief is afforded by the importation of Swedish ores, estimated at 5,000,000 tons annually, which are doubly welcome, because they are transported to the German blast furnaces by all-water routes, thereby relieving the overtaxed railroads. There is no shortage in scrap iron and steel, of which immense quantities come from conquered territories.

There is no longer a vestige left of the free play of economic forces in the iron industry; there is no longer even a market. For virtually the entire production of all products there is only one customer, the military authorities, though they avail themselves of the ordinary channels of trade.

The production of high-grade steel for shells has been increased to the satisfaction of the military authorities and requirements



---

appear to be covered. Bar iron and hoop iron are being turned out in quantities sufficient to cover the needs of the military. Rolled and drawn wire, barbed wire and cable wire are short, production being able to supply only the most urgent military demands. The manufacture of tubes of all kinds has in the past been appreciably increased, making it possible to supply the increased requirements of engine and boiler works, the shipbuilding plants and locomotive works. The output of locomotives and cars is increasing from month to month. Increasing, too, is the production of and demand for rails for narrow-gauge railways on the part of the mines and the military field railways.

It is not too much to speak of an iron and steel famine in Germany today, except for war purposes. This famine is particularly marked in structural steel and iron, Germany's production of these going exclusively into direct or indirect war channels, entailing a complete cessation of new building in Germany, except in the military interest.

The extension of the policy of confiscation is confidently counted upon to supply the im-

perative requirements in such formerly imported materials for which no adequate or sufficient substitutes have been found. The confiscation of copper has been particularly thoroughgoing, but the continued pressing needs are such that confiscation has lately taken on an almost ruthless character. All articles composed of copper in private households, with the exception of a very limited free list of household utensils, have been confiscated and mobilised or "drawn in," as the German phrase puts it—copper kettles, wash-boilers, trays, candlesticks, everything conceivable. Copper and bronze door-knobs, bronze furnaces and stove doors have been confiscated. All nickel articles have been seized.

Private households have been combed so fine for these war metals that the military authorities have turned their attention to the confiscation of articles, machinery parts, technical equipment, etc., wholly or largely made of copper, bronze, nickel, etc., in business enterprises and industrial establishments.

The hunger of the military authorities for these metals is such that they would not hesitate to close down entire factories, put out of

business whole industries not working directly or indirectly in the military interest. A curious illustration of this was the attempt by the authorities to consolidate the entire German brewing industry and close down more than half the breweries in Germany in order to confiscate and "draw in" the copper beer brewing vats. Only the guarantee on the part of the brewing industry that the copper vats would be voluntarily delivered up in the quantities demanded by the military authorities staved off the shut-down.

Copper cables and electrical wiring are already being confiscated. The military authorities farsightedly have latterly turned their attention to the available tonnage of metals in the roofs of public and private buildings, and a beginning has been made in confiscating and stripping off the copper roofs of public buildings.

Military ruthlessness in stripping copper roofs from buildings plays curious freaks occasionally, as in a recent case that considerably stirred public opinion in Darmstadt, where the copper roof and gilded copper dome and towers of a small Orthodox Greek chapel were spared because it was the private

property of the ex-Czar of Russia, whereas such public buildings as the Museum of the City of Darmstadt, the railroad station and public library of the nearby city of Giessen, and even the Christ Church of Mainz were stripped of their copper roofs.

Thousands of village churches throughout Germany today toll no bells on Sundays and Hindenburg "victory days," because there are no bells left to toll. Every bronze church bell, unless of indubitable art-historical value and so certified by experts, has been conscripted.

About the last of Germany's famous church bells to go into the melting pot has been the so-called "Kaiser Bell" out of the belfry of the Cologne Cathedral, the largest church bell in all Germany, weighing 60 tons. Hung in 1877, it pealed its last on New Year's, 1918.

Much bad art is still allowed to go unscathed in public places. Germany's bronze statues have not as yet been mobilised for front service, though they have all been inventoried in categories or classes of relative artistic merit or historic value, and there is no doubt that when the present wellsprings

of rare metals run dry the bronze statues, too, will be called on to do their duty.

The nickel shortage is indicated by the further withdrawal from circulation of all remaining 5 and 10 pfennig nickel coins, which are being replaced by Sherrardised iron and zinc money. The confiscation and conscription of scarce metals curiously encounters widespread passive resistance owing to the belief which has gained currency that the War Metal Company, organised during the war for the specific purpose of confiscating and buying up the metals in private possession, is making a large profit on these transactions, payment being made not on the intrinsic value or even cost of the conscripted article, but on its raw material scrap value. The money loss, however, is only one of the many sacrifices which the German people are called upon to make with the best possible grace.

Germany has yet another source of raw materials in the waste basket and refuse can, in scrap material of every kind which in peace times was thrown away, and in old or worn-out materials, rubbish and miscellaneous junk hoarded in garrets and cellars. The military

authorities have not overlooked the material possibilities of these humble, obscure and often hidden sources of supply, and a beginning has been made in their system of exploitation, which is relatively easy, thanks to the inborn habit of saving of the German people, with their hobby for hoarding, their passion for collecting.

It is no exaggeration to say that hardly a scrap of material is knowingly allowed to go to waste, from old tin cans and fruit pits in season to worn-out garters and imitation coffee grounds.

There are amateur and professional collectors of everything conceivable, and everything has its price in Germany today. There are licensed dealers who at prices fixed by the authorities buy corks (champagne corks fetching 3 cents apiece, wine-bottle corks one-half cent apiece), cork scraps, celluloid scraps, used twine, women's hair (from which machinery belting is made), old paper, platinum remnants, even the smallest bits of leather, bottles, cans, metal scraps and what not.

There are collection centres everywhere, at which patriots can turn in gifts to the Fatherland consisting of all the aforemen-

tioned junk, and old clothes, fruit jars, coffee grounds, old bones, broken electric light bulbs—anything, everything being thankfully received.

As an illustration of the practical value of the nation-wide saving and collecting mania, the school children of Frankfort, in the first two weeks of their campaign, turned in to the local "Auxiliary Collection Service" centre nearly 1,000 tons of old paper, 120 tons of rags, 50 tons of metal scrap, 1,000 pounds of women's hair, 41,000 corks, 85,000 bottles, a ton of old rubber and more than one ton of leather scraps, to mention the principal items.

No amount of organised patriotic collecting nor any miracle of German science can remedy, perhaps, the cruelest hardship which has developed during the war—the tobacco shortage. Just how short is Germany's stock of smoking tobacco wares can be measured by the long lines of men "standing for tobacco" at all the cigar stores that still remain open. Many of them have "closed" signs in the window, others "temporarily closed," and still others "sold out." A Havana cigar is unobtainable through the ordinary channels

of trade in Berlin today. Holland cigars, too, have become exceeding rarities, and so, too, German-made cigars of Havana and Sumatra tobaccos. There remain only German-made cigars of German-grown tobaccos, smokers of which in fairness should be entitled to the Iron Cross. But even of these unfragrant Teuton weeds there is an acute shortage.

Imported tobacco stocks were confiscated in the summer of 1916, and confiscation has now been extended to domestic tobaccos. Moreover, four-fifths of the entire manufacture of cigars, cigarettes and smoking tobacco is now reserved exclusively for the army and navy, the remaining fifth being obviously inadequate for the male half of sixty odd millions of people.

First clandestinely, then openly, brazenly, a traffic in substitutes developed, reminiscent of early boyhood days. Cigars, cigarettes, pipe tobacco were stretched with a bewildering variety of leaves, herbs, dried berries, including chicory leaves, beech leaves, hops, rose leaves, linden blossoms, wild cherry leaves, foliage of the chestnut tree, lavender, the little herb "Waldmeister," dear to Ger-



---

mans as an ingredient in springtime punch; dandelion leaves and other weeds.

The stretching of tobacco with "*Ersatz*" and even the manufacture of non-tobacco cigars and tobaccos have been made legal by order of the Federal Council, to the extent that hops may be mixed with tobacco, not to exceed 20 per cent., while beech leaves and chicory may likewise be employed in the manufacture of tobacco and pseudo-tobacco wares, only, however, under licensed permission from the War Tobacco Company. It is characteristic of conditions generally in Germany that a brisk market has developed for "tobacco substitutes" with rapidly rising prices.

## CHAPTER VIII

### COAL SHORTAGE AND TRANSPORTATION PROBLEMS

**G**ERMANY'S new year, 1918, rich in inherited troubles, sees a grave coal shortage crisis throughout the Empire—acute in Berlin, only slightly less so in other large centres. Germany is third only to America and Britain among the coal-producing nations of the world; and yet vast industries and even municipal gas and electric light and power plants are literally living from hand to mouth, worrying about the morrow's or next week's coal, while Berlin has been forced to get up in the cold and go to bed in the cold, with a legally fixed temperature of only 62.6 degrees Fahrenheit indoors between times.

A close analysis of the causes and ramifications of Germany's coal troubles is peculiarly worth while not only because coal is the indispensable fundament and base of the proud pyramid of the Hindenburg programme, but

also because it affords an illuminating insight into many elements of Germany's strength and weakness, and more particularly affords striking proof of the very general all-around progressive running down of things in Germany—the physical deterioration of human material and of plant.

Like the food problem, Germany's coal problem is essentially that of making a single blanket cover a double bed. But, unlike the food shortage, which, thanks to the enthusiastic and prodigal editorial speculations of the London press as to the fascinating possibility of ending the war by starving out Germany through the blockade, had been feared, anticipated, and in part prepared for by thoughtful Germans as far back as the fall of 1914, the coal shortage was of a much later date, first seriously felt in the winter of 1916-17, and came as a complete surprise.

During the early months of the war, Germany's coal production dropped sharply, due to the fact that the majority of the husky miners had been called to the colours. When the war did not terminate speedily, as hoped, women and children were put to work in the mines, for the first time in the history of


Germany's mining industry, and all available foreign labour was drawn upon, so that from the spring of 1915 Germany's coal production began to increase again, slightly but steadily. The partial release of miners from the front by the Highest Leadership further accelerated production, but though throughout 1916 the coal production was at a very low ebb as compared with the peace-time production, there was no talk of any shortage until the winter of that year.

*ubling*  
The Hindenburg programme, which called for dodging Germany's production of guns and ammunition within six months, was inaugurated in the fall of 1916, and a serious coal shortage was the first result perceptible to the public. The mines were overwhelmed, swamped; the orders for coal for immediate and near future delivery were nearly doubled. War material plants already in operation doubled their coal requirements by spring; new ammunition and war material factories sprang up like mushrooms throughout Germany.

In December, 1916, Germany's already overstrained, run-down railroads began to show symptoms of distress under the strain

of the new Hindenburg programme traffic; traffic conditions growing rapidly worse, culminating in a complete breakdown in March, 1917. One result of the nearly catastrophic breaking down of the German railroads during the winter of 1916-17 was that all coal reserves and local stocks on hand were necessarily used up. And Germany has not been able to catch up again on its coal supply.

Because of the continued transportation troubles, the overtaxed railroads and waterways, and the imperativeness of the daily demand of the war industries, it has been impossible to replenish and maintain the normal coal reserves for industrial, business and private consumption, despite heroic measures to increase production at the mines and bring order out of the transportation chaos. Nor did the creation of a new office, the installation of an Imperial Coal Commission in the summer of 1917, help materially, except to swell the fat volume of already extant war ordinances and regulations and provide an official scapegoat. The coal shortage has continued to grow worse, until in January, 1918, the highest point, the admitted crisis has been reached.



Some idea of the sorry, overstrained condition of Germany's run-down railroads can be gathered from the fact that there are over 3,500,000 tons of coal lying at the mines awaiting transportation facilities and unable to be moved. The Coal Kartell saddles all the blame for the unpopular coal shortage on the railroads, for by straining every nerve and sinew Germany's coal production has virtually been brought to the old peace-time record again. More miners are today working in Germany's mines than in peace time. The miners who could possibly be spared have been combed out of the fronts and sent back to their jobs; prisoners have been drafted into the mines; the women and children have, after nearly three years, gained in efficiency. And yet, though many more persons are engaged in the coal mines, the production of anthracite has hardly reached the pre-war figures, the production of bituminous coal only very slightly beating the peace output.

Strikes do not explain the evident decrease in coal production, which is a decrease in the output of the individual miner as compared with his peace-time efficiency, though they

afford a cue to the trouble. Coal strikes, so far, have been of short duration, mere knocking off work for a few days; and according to official explanations less than 10 per cent. of the miners were involved. But they were demonstrations precipitated by unbearable food hardships. A representative of the Imperial Coal Commissioner is authority for the statement that "the miners' ability to work had gone back, not inconsiderably." This official admission that the working power and efficiency of Germany's miners had diminished as a result of food hardships is confirmed, among others, by a Progressive Reichstag member who stated that "the quality of the workers has grown worse."

Some approximate idea of the high pressure under which Germany's ammunition and other war industries are working today under the ambitious Hindenburg programme which today has been fully realised, is gainable from the fact that although the coal production has been spurred up again to practically the peace-time figures, coal exports cut to the bone and many superfluous industries closed up by order of the military authorities to save coal, the hunger of the

ammunition industries is such that the acute shortage for civic consumption continues.

Although, thanks largely to the throttling down of the coal exports, as much coal is available for inland consumption as in peace times, less than 3,000,000 tons monthly can be scraped together and spared for the needs of the populace, for sixty millions of people. Coal has accordingly had to be rigidly rationed, though as usual this measure was resorted to rather too late. Still surviving non-war industries have been rationed down to 50 per cent. of their former consumption, and the coal ration for private households has been reduced below the irreducible minimum.

The coal shortage reveals some interesting incidental weak spots in Germany's armour. One gets a touch of the faults of an iron-rigid bureaucratic organisation when one learns that numerous factories have complained about the inequality in the distribution of coal and that some parts of Germany, rich in available wood for firing purposes, were simply deluged with coal while many sections, with no wood supply to fall back on, received no coal. There has been



much complaint that the control over coal has been exercised with the same bureaucratic schematism in the case of foods, and invidious comparisons are constantly being drawn between State management and private enterprise, and the coal fiasco is one of the many arguments being advanced by the champions of "free business" in favour of the abolition of imperial commissioners, corporations and other forms of State control of production and distribution at the earliest possible moment after the war.

The coal problem, too, affords a specific illustration of how highly organised and, in the opinion of many economists, how over-organised Germany is after nearly four years of war. For a burgher of Berlin to get a bag of coal in this time of shortage entails the combined co-operation of the Imperial Coal Commissioner, the management of the Coal Kartell, the general management of the Prussian State Railways and the Director of the Central Traffic Bureau, the Wholesale Coal Dealers' Association, the municipal authorities, and, frequently, the military authorities as well.

This cumbersome apparatus functions as

follows: The Imperial Coal Commissioner, kept posted as to the production of the mines on the one hand and the needs of the war industries on the other, has the hopeless task of juggling the small balance and apportioning it where most needed. Greater Berlin's coal ration is consigned to the Wholesale Dealers' Association, which is responsible for its equitable distribution to the retailers. Berlin's coal will arrive only after State Railroad Management and Central Traffic Director find they can squeeze it somewhere between the preferred military and war industries traffic.

Once the coal cars have reached Berlin's freight stations the real trouble has only begun, however. There is an acute shortage of delivery wagons for hauling the coal from the freight stations and distributing it among the small consumers. There is also a shortage of sacks. There is also a shortage of labour for unloading the coal cars, loading the delivery wagons and putting the coal in cellar. The military authorities have to be called on to supply military vehicles and military labour, but the military authorities are unable to comply in

full with the demand. The Berliner, meanwhile, has his coal card in his hand but not a scrap of guarantee that he will get a single lump of coal.

Overorganisation leads to disorganisation. The holder of a coal card has no way of knowing what particular retailer in his section of Berlin is likely to get coal first. None of the retailers has any stock on hand left. All sell out within a few hours after their particular consignment reaches the freight station. Coal lines are one result, Berliners standing patiently in the cold for many hours in the hope of obtaining ten or fifty pounds of coke, or briquettes. Other and wiser Berliners swarm to the freight stations with hand pushcarts or bags in the hope of getting their coal ration more surely and quickly direct from the coal cars. Wordy quarrels and fights, frequently simulating small riots, are consequently frequent occurrences, participated in by populace, small coal dealers, police and railroad officials.

Coal shortage, particularly coupled with food shortage, is undeniably an important factor in helping to depress the morale of the masses. There is a reign of excitement,

marked by outbursts of loud complaints, among large circles of Berlin's populace who have been suffering under the heavy coal shortage. It is said that in Greater Berlin most workingmen's homes, most homes of the lower middle and poorer classes have been and still are without coal. A Socialist writer prophesies that unless this condition is remedied it may lead any day to a catastrophe of incalculable consequences, and gives the following vivid picture:

“People stand in line in front of the coal dealers' stores, six and seven hours in winter cold, rain, snow and mud, and, often enough wet to the bone and freezing, must return empty-handed to their unheated homes because the supply is exhausted. Countless embittered and desperate complaints come from unfortunates who for weeks and months have not succeeded in obtaining even one handful of coal, and who in consequence have for weeks and months been unable to heat, cook and wash. It is only natural that the belief is gaining ground among the public that the government allows the present intolerable conditions to continue out of consideration for the rich coal barons, which tends to increase the embitteredness and wrath of the public. A large part of Greater Berlin's underfed and hard-working population is now forced to pass the cold and dark winter evenings in unheated and unlighted rooms. The misery, the

desperation and the bitterness mount from day to day. The gentlemen about the green directors' table have apparently no idea what it looks like in a factory section of Greater Berlin and in the hearts of the Berlin Proletariat."

Perhaps the most unpleasant war novelty of the winter was the official rationing of the steam heat and hot water supply in Berlin's apartment houses, and necessitated by the tight rationing of coal and coke; further stirring up one of war's little hornets' nests. Tenants whose leases called for an unlimited supply of steam heat and hot water were quick to take advantage of the possibility of suing their landlords, forced to bow under the official rationing yoke, for breach of contract. So numerous were the filed and threatened lawsuits over steam heat and hot water that special heating courts of arbitration and arbitration bureaus between tenants and landlords were established.

As a basis for settlement of heating disputes between landlords and tenants, the supreme heating arbitration body of Berlin, the Coal Association, has decreed that if landlords are physically unable to live up to their contract, tenants are entitled to a rebate of

2 per cent. on the rent for October, November and December, for the missing steam heat, and 4 per cent. is knocked off the rent for the months of January, February and March. Further, 1 per cent. is knocked off for failure to supply hot water in apartment houses. The newest ordinance, however, requires landlords to maintain a minimum temperature of 62.6 degrees Fahrenheit in apartments between 9 A.M. and 9 P.M.

The coal shortage, and the consequent increasing use of gas and electricity by the public, both have resulted in a serious gas and electric current. The gas and electricity works of Greater Berlin were unable to produce enough to keep up with the abnormal demand; in fact, coal shortage forced them to throttle down their normal production. Berlin's gasworks had at one time only five days' coal supply on hand. The power plants of the surface, elevated and underground railways of Greater Berlin were in a similar plight, running from hand to mouth. The giant organism of Germany's metropolis has been and still is running on the smallest thinkable coal margin, with the slightest hitch in emergency deliveries spelling catastrophe.

It has been necessary for the municipal authorities to call on the populace voluntarily to limit the use of gas, and particularly to leave unused the very popular gas heaters for hot bath water. The masses of Greater Berlin had an unprecedented opportunity for earning the title of "the Great Unwashed," for the coal shortage likewise forced the closing of Berlin's public baths.

Sharper measures were resorted to in order to save electrical current, and consequently coal. In 1918 consumers of electricity must not exceed 80 per cent. of their consumption in the corresponding quarter of 1916. A sharp police control has been exercised over restaurants, hotels, stores, etc., to see that the 20 per cent. saving of electricity is carried out.

It can be calculated on as a certainty that with each succeeding war winter Germany's coal shortage will grow more critical; an investigation into the coal problem yields another eminently practical conclusion. Germany's resources are not unlimited; but here, in the matter of coal, one can, for the first time, positively state that a limit has been reached. Germany's coal production has reached the limit of the superhumanly possi-

ble. Nothing more can be done to further production than has already been done. For the balance of the war Germany can produce no more coal than she is mining today. By straining every effort Germany can at most maintain her present pace of coal production, which approximates that of peace time.

Any change in the war future must inexorably be a change for the worse, a falling off in production. This means that if the production of ammunition and other war materials is to be whipped up still further, the necessary additional coal can only be made available by "taking it out of" the German people, or by still further ruthlessly closing down non-war industries. It means that Germany, which today is physically unable to satisfy one-fourth of the normal coal demands of Sweden, Denmark, Holland and Switzerland, will be able to increase her compensation coal exports to neutrals only by killing off her own home non-war industries or by imposing still heavier hardships on the long-suffering people, or both. Of no other phase of Germany's war economy can it be authoritatively and honestly said that the limit has been reached.



Transportation completes the trinity of trouble—of vital, major troubles fraught with potential, decisive disaster. Food, coal and transportation, intimately interconnected, are the weakest links in the strong German war combination, and of the three the transportation problem is the gravest. Incidentally, the telltale railroads are the best known gauge for ascertaining war's wear and tear on all Germany, and indicating the depreciation of plant and of man power.

It is a fallacy that the German railroads are at the last gasp. They continue to show vitality and toughness in standing up under the severest punishment. And the abused, overtaxed, overstrained railroads show, too, an amazing power of recuperation whenever there is a slight let-up. The sharp eye for little details notes a shaggy, unkempt, haggard appearance about the German railroads, as if they had long been running in hard luck; a general run-down-at-the-heels, gone-to-seed appearance, betraying to the layman, even, that they are being operated and exploited with no thought of the morrow and that during the war a very minimum of maintenance and repair has been put into them. What is

superficially less apparent is that the railroads are still organically sound.

The efficiency of the German railroads as a whole, however, has been impaired, and though the efficiency curve may show slight temporary rises its tendency has been consistently downward. The severest crisis through which the railroads passed was the nervous breakdown of the winter of 1916-17, under the strain of the Hindenburg programme. The slow recovery that began in the spring of 1917 has improved chaotic traffic conditions until the railroads are fully able to cope with the Hindenburg programme war traffic, but only at the expense of the general public's comfort and convenience, and even vital necessities, as pointed out earlier in this chapter. Here, too, it is necessary for the public to continue putting up with the heaviest hardships and making the heaviest sacrifices.

Analysis of Germany's admitted serious transportation troubles throws a searchlight on the possibilities of the future. The tap-root of railroading troubles runs deep down into peace times. For the past fifteen or twenty years the Prussian State railroads

had broken down with astronomic regularity under the increased strain of fall and winter freight traffic, due to the peculiar brand of German efficiency, whose rigidity, whose lack of easy flexibility is unable to adapt itself quickly to rapidly and greatly changing conditions. This mechanical, routine, rigid German efficiency, inefficient even in peace times, showed at sorriest when faced with the stupendous new problems in war railroading, the military management of the field railroads being a brilliant exception.

Another root of trouble runs back into peace times. Though no country on earth, perhaps, offers such favourable conditions for the operation of its railroads as a single system, decentralisation could not seem to be carried further than is the case in Germany even today, and despite the necessities of the war, which have sent many old and worn-out prejudices by the board.

Bavaria still tenaciously clings to and guards its right to run its own railroads to suit itself. Württemberg, Baden and minor states are only less jealous of their railroad prerogatives as independent and sovereign states. The war has been unable to shake

this petty particularism. Railroad experts have pointed out in vain that the efficiency of Germany's railroads could be measurably increased despite the war through closer co-ordination and uniform management. There is today no responsible railroad head in all Germany. No one knows where he is at.

And there is another illuminating criticism, namely, that these little particularistic railway managements surround themselves with a Chinese wall, and, in a state of blissful bureaucratic isolation, prove themselves more and more incompetent to cope with the urgent problems besetting them on all sides as the tide of traffic rises. Harsh German self-critics are pointing to practical America for having stolen a march on Germany in the matter of placing the railroads under one control. There are here very considerable unexploited possibilities for improvement in Germany's war railroading.

Far graver, because irreparable and irremediable, is the sad slump in railroading efficiency due to war causes. Of these the most serious have been the heavy drain on the experienced, well-disciplined peace-time personnel and the poor quality of the green

substitutes; the added burden entailed by the extension of German railroading throughout the immense conquered territories, the Balkans and European and Asiatic Turkey; the greatly accelerated deterioration of plant, roadbeds and rolling stock, and the deterioration, physical and mental, of the human material due to war-food conditions coupled with overwork.

Approximately 80,000 trained railroaders have been withdrawn from Germany's railroads for military service. The majority of these were old, professional, non-commissioned officers who, after 25 years of service in the army, were given life positions on the railroads. Their places were taken by new men, physically unfit for military service, by youths under military age and by women and girls. Necessity has compelled the lowering, the practical abandoning of the high peacetime standard of employment.

Heavy has been the drain of the conquered territories on German rolling stock. Over 3,000 miles of railroads are today being operated in Belgium, over 3,000 miles in Poland, nearly 3,000 miles in Courland and Lithuania, almost entirely with German

locomotives, passenger cars and freight cars. The conquered two-thirds of Roumania is overrun with German rolling stock; German trains are already operating in the occupied portion of Italy; a husky part of German rolling stock is operating on the Austrian and Hungarian railroads, wandering around the Balkans and lost in Turkey.

Not without a bitter touch of irony is the fact that German victory never yet carried with it an appreciable haul of rolling stock. The best bag was made in Belgium, and I have seen Belgian freight cars in the wastes of Lithuania, the swamps of Volhynia and even Roumania, but their number was, after all, relatively insignificant. The capture of Warsaw netted little more than 2,000 freight cars; in all of occupied Roumania hardly more was seized; the offensive against Italy brought in very little rolling stock, and even the Russians almost invariably managed to make a getaway with their military trains. Hardly one usable Russian locomotive ever fell into the hands of the Germans.

The depreciation of plant, roadbed and rolling stock incident to war wear and tear varies to such an extent that no general state-

ment can be made, except that, though serious, it is not yet disastrous, nor can the limit of depreciation be foreseen. Roadbed is kept up tolerably, but it cannot be said that the best canons of modern railroading are lived up to. Maintenance is confined to the militarily most important main lines. It would be unwise, however, to expect a complete physical disintegration and collapse of the German railroads in the near or even distant war future. Signs are not wanting that 1918 sees the beginning of a new, slightly brighter era for Germany's war-worn railroads. The traffic relief afforded by the military collapse of Russia, the labour and material thus released, are certain to redound to the benefit of Germany's railroads as well, while the vital importance of the regeneration of the railroads has been fully grasped by the highest leadership and may be expected to be taken in hand at once.

More thought-provoking is the problem of worn-out and rapidly depreciating rolling stock, particularly locomotives. The mortality among German locomotives has been and still is high; so, too, the chronic invalid and sick list. Germany has no locomotive re-

serves and the large number out of commission at any given time results in shortening the working life of the survivors, extended and worked to the limit that steel and iron can bear. It is estimated that about 28 per cent. of Germany's locomotives are constantly in the repair shops. The shortage of repair material, the shortage of skilled workers in the shops is such that a new locomotive can almost be built in the time it takes to repair an old one. The shortage and poor quality of lubricants has played its part in wrecking Germany's locomotive park. The run-down condition of the railroads is reflected in the progressive train delays, trains arriving late with scandalous regularity; further, by the enforced lengthening of the running time, the slowing down varying from 20 to 30 per cent., and still trains up to three and four hours late on long runs are comparatively common in the Empire that once prided itself on the military punctuality of its railroad schedules. Strain on run-down railroads is likewise indicated by the emergency measure of cutting out all dining cars; though 1918 sees them reinstated again as traffic conditions have slightly improved; the cut-



ting down of the number of sleeping cars, the thinning out of the time table by dropping many express and local trains, and the conversion of some important expresses into locals.

Depreciation of railroads and personnel is further gaugable by the startling increase in the number of wrecks during 1917. Investigation into one of these developed that the engineer had been continuously at the throttle for sixteen hours at the time. The excessively long working hours, lack of holidays and, above all, the poor food have all tended to reduce the quality of the German locomotive driver.

Official bureaucratic ingenuity has left, is leaving nothing thinkable untried in order to reduce travelling to the absolutely necessary or militarily desirable. The sharp pass restrictions to and from Neutrialia, the almost equally sharp restrictions for travelling to and from the countries allied with Germany, have automatically throttled down this class of traffic to a negligible quantity. On the other hand, German travel in Germany shows an appreciable jump over peace time. People who seldom travelled before now commute

long distances on food business. The furlough traffic almost doubles the normal civilian traffic, many important express trains having to be run in two sections to accommodate the uniformed travellers. The number of the new war organisations and corporations has proved a stimulus to travel.

Officialdom sought to lay this mounting wave of passenger traffic with the threatened prospect of rationing travelling. More effective has been the temporary measure of doubling the extra fare on express trains. An upward revision of all passenger tariff, effective after April 1, makes travelling almost twice as expensive as before. Many cut-rate fare propositions, such as special trains to conventions, meetings, etc., have likewise been discontinued. As a result of these and other measures, joy travelling is mercilessly being suppressed and the civilian passenger traffic gradually forced within the bounds of bona fide business or absolute necessity, while the increasing discomfort of travelling in Germany today acts as a further curb.

According to the police registration 115,259 strangers arrived in Berlin during a recent

typical month, including a fractional percentage of foreigners represented by the following contingents: Austria-Hungary, 1,682; Sweden, 321; Poland, 285; Turkey, 257; Holland, 169; Switzerland, 159; Denmark, 130; the Balkans, 126; Norway, 67; 24 "guests from America," and one each from France and England.

Travelling in Germany has become an ordeal to be dreaded by the judicious. Most comfortable are the fortunate few who succeed in corralling sleeping car accommodations for the long night hauls; but berths are generally sold out two or three weeks in advance. Despite the acute soap shortage and the serious linen shortage, pillows and bedding in the sleepers continue to be irreproachably clean, while the sleeping cars themselves rank first in comparative cleanliness among contemporary rolling stock.

On long day trips victors in the scramble for seats in the rare dining cars enjoy a modicum of comfort, though they must pay for it by eating a meal of undiminished poorness—a very tenuous, pale, anæmic bouillon, a dismal, flabby white fish suffused with mustard sauce; an ample portion of boiled potatoes,

tough veal with turnips, and an indifferent pudding. There appears to be nothing to choose from between first and second class except the difference in fare and the colour of the upholstery. First-class exclusiveness is nothing but a memory; the overcrowding is uniform; the travellers, on the whole, are docile and good-natured, patient and long-suffering. And the train is always late.

Utter inadequacy of the railroads to cope with the freight traffic; chaos and congestion at the freight terminals; periodic relief obtainable only by proclaiming a general "freight barrier"—accepting no more shipments other than urgent war freight until the traffic situation clears up—such is the companion picture; with heroic bureaucratic efforts to keep down freight traffic to the peace-time normal level, including abolition of express shipments, upward revision of all freight tariffs, discouragement of ordinary shippers by preferential treatment of war industries in the supply of empty cars, unchecked and increasingly frequent thefts of freight in transit and at stations and unflagging inefficiency in traffic management.

And yet somehow they make it go.

## CHAPTER IX

### THE MAN-POWER PROBLEM

**O**F shortages there is no end in Germany. There is a shortage of human material; an acutely-felt shortage of man power in every form, skilled and unskilled, able-bodied and semi-able-bodied, native and foreign—even of prisoner power. There is, however, no shortage in sight of military reserves or woman power; no dearth either of child labour. Germany today has an immense, unsatisfied appetite not only for food but for labour; there is an admitted plenty of work, an admitted shortage of hands to do it—no shortage, however, of men still fit for fighting, as trench warfare goes, particularly on the Russian front.

Like the transportation and raw-material shortage, man-power shortage developed with sudden acuteness as a result of the Hindenburg programme; and for human material the same proposition holds good as for raw

materials—scant, but sufficient to meet the most urgent 1918 needs of warfare.

By practising the closest war economy with the still unmobilised human reserves, and by further coarser sifting of the unfit rubbish heap, by continued withdrawals from peacetime occupations—including idleness—and by increasingly exploiting woman and child labour, both the front army and the home army of war-industry workers can be maintained at their present maximum strength; the most heroic efforts, however, can seemingly do no more. Subject only to possible immaterial fluctuations in the future, a limit has been reached. This limit can undoubtedly be maintained indefinitely—with certainty through 1918.

Germany has today approximately 4,500,000 men in the field, including strategic reserves—the so-called Heeresreserven. These are by no means all first-line troops, even judged by the lowered standards of the fourth war year. There is a painstakingly combed-out élite of 1,500,000, conservatively estimated; hand-picked youngsters and select, still young veterans composing the numerous “shock” formations—the so-called Stoss-

trupp or shock squads, platoon companies, for forcible reconnaissance; the shock battalions and shock regiments, for the heavy work of attack and counter attack; the "flying" shock divisions and third alarm "shock corps," and the famous travelling shock army, which has played the circuit of all fronts except the west.

A round 2,000,000, including much Landwehr—about 50 per cent.—must be appraised as good average troops, as they run, after nearly four years of war, below the peacetime standard and not of brilliant offensive calibre, except against demoralised Russians. Half a million old veteran Landsturm, resting on the Russian front and even holding down "sleeping" sectors in the west, are not a negligible factor, particularly not the Bavarian Landsturm, the hard-pated Silesians and the East Prussian Landsturm—these are of championship calibre until it comes to marching.

One million and a half Landsturm, including the bulk of the exempted-from-service class—men who in peace time escaped military training because physically unfit for service—do not come in question for fighting

purposes or even as an ultimate reserve, with the exception of the old, trained veteran Landsturm among them, in some last extremity. They hold the lines of communication, garrison the conquered territories and do such home duty as cannot be performed by conscripted civilians of the Patriotic Auxiliary Service.

The standing "*Ersatz*" Army in Germany itself averages around 800,000 men. This is the reservoir of reserves from which the front formations are refilled; and Germany's reserves show no signs of exhaustion. The military training barracks are still crowded, more so than in peace times, though considerably below the high-water mark of 1915, since when the tide of new troops in training has been very gradually ebbing. The low-water mark of the war has been reached; but there is every reason to believe that the reservoir of fresh reserves can be maintained at the present low war level for the balance of the year.

This standing reservoir is fed by the young "*Ersatz*"—youths called to the colours as soon as they pass their eighteenth birthday—and by the recovered wounded who become



fit for front service again. The 18-year-olds can in 1918 and thereafter be counted on to yield around 600,000 reserves annually; of the wounded on the average 92 per cent. return to military service, the lightly wounded and quickly recovering being generally sent back to their old formations, the others being mixed in with the new, green young troops. Allowing for shrinkage during the home-training period Germany can continue to throw into the field 750,000 fresh troops annually, and only casualties in excess of this figure represent the net loss of the German Army—the actual attrition.

Germany's gross casualties were approximately 4,500,000 on January 1, 1918. Heavy deduction must, however, be made for repeaters, for many corrections in the casualty lists, and for recoveries—the very large number of cases of men wounded twice to seven times, some unlucky individuals being mentioned in the casualty lists even oftener. Conservative estimates of Germany's net losses to January 1, 1918, including discharges from military service, range from two and one-half to three million men. Theoretically, Germany has not been forced

to call to the colours either younger or older classes than should normally be the case; practically both have been done, however.

Trained Landsturm men who had not completed their forty-fifth year and therefore subject to mobilisation at the outbreak of the war are, under military law, required to serve for the entire duration of the war. Landsturm men who in August, 1914, were already from forty-two to forty-five years old have, therefore, today passed the legal Landsturm limit of forty-five but are none the less not released from service. Accordingly Germany already has her 45-year-old class in the field in 1918, and will have her 49-year-old class in the field in 1919, the oldest class growing a year older with each successive war year.

This has been a source of much complaint from old Landsturm men who have passed the forty-fifth-year mark during the war and yet cannot obtain their discharge; the highest military authorities point out that once mobilised the Landsturm is required to serve, no matter how long the war lasts, and that their services can, unfortunately, not be dis-

pensed with. So, too, by conscripting recruits as fast as they become 18, Germany is about six months ahead of schedule.

The 1918 class was drawn in during 1917. The young "*Ersatz*" continues to run of good average quality and learns the soldiering trade very much quicker than in peace times, for most of the city youths who were drafted have had nearly four years of preparatory training for military service in the Jungmannen organisations, including practical work in marching, trench digging and bomb throwing; while in the country, too, there are preparatory war courses for the peasant boys. Germany believes increasingly in "catching them young."

Germany is in a favourable position as far as human material is concerned for the army only; though there is no shortage of military reserves in sight, there is a man-power shortage in all other departments of life. More than 25 per cent. of the manhood of Germany had been called to the colours up to January 1, 1918. Of this number, approximately 10 per cent. have been discharged from further military service as invalided or unfitted, or exempted on reclamations. There is, how-

ever, a net withdrawal of very nearly one-quarter of the manhood of Germany from the home supply of man power, and this the best quarter—the physically fitter bulk of the men between 18 and 48, leaving as man-power balance to keep the machinery of life behind the fronts running only the least fit, the boys and the men past their working prime.

The following figures significantly illustrate the great shrinkage of efficient man power in Germany itself: The Social Democratic free labour unions numbered 2,500,000 members of all ages at the outbreak of the war; the call to the colours had reduced their active membership by more than 50 per cent., to 1,170,000, at the end of the first year. At the end of the second year of war the survivors had further shrunk to 950,000. The third war year saw a slight increase in the membership of the Socialist trades unions to 1,060,000, which yet was 57.6 per cent. less than the peace-time membership at the outbreak of the war. Conservatively estimated, on January 1, 1918, only 40 per cent. of skilled and unskilled labour's peace-time numerical strength was still available in Ger-

many, and this almost exclusively of inferior quality. Certainly the better half of organised labour is in the army.

The steady, relentless withdrawal from the normal labour market and absorption by the fighting machine of 60 per cent. of Germany's skilled and unskilled labour has resulted in a fascinating state of things which can best be pictured as tantamount to a universal strike being on throughout Germany, with strained efforts being made in first line by the military authorities to keep at least the most necessary machinery of daily life, especially the vital war machinery, running with the help of quantitatively insufficient and qualitatively inferior strike breakers—with the remnant 40 per cent. of least fit and aged skilled and unskilled labour, with unskilled and half-skilled juvenile labour, with woman labour, with prisoner labour, with impressed Polish labour and Belgian *évacués*, and with all the neutral labour, skilled or unskilled, that can be attracted to Germany.

There is a shortage of miners, railroaders, of industrial workers; but also of carpenters, painters, mechanics, plumbers. The same

monotonous cry of labour shortage sounds from every trade, from every industry and from every branch of business. While the seemingly inexhaustible feeders of the reservoir of military reserves still continue to flow at a normal rate, this is not the case with the reservoir of industrial reserves. Juvenile labour hardly has time to learn its trade when it becomes of military age and is swallowed up by the army.

The main wellspring of new man power, the influx of prisoners of war, has been dwindling steadily and shows signs of drying up almost entirely, now that the Russian front can no longer be tapped for man power. The Polish labour market has about been exhausted. The bitter fiasco of drafted civilian Belgian labour discourages all attempts in future to drain this small reservoir of available man power. The importations of neutral labour are relatively negligible. There are no other outside sources of man power discoverable. Germany must for the balance of the war draw almost exclusively on its own capital of human material and employ it with the utmost economy, always in first line for war purposes. The human

reserves necessary for maintaining the war industries at their present maximum production can be obtained only by draining peace-time occupations, by shifting labour from peace to war industries, by recruiting new armies of women workers and, as a last emergency measure, by withdrawing men from the army.

The military authorities exercise an absolute control over all the available man power in Germany, and at least indirectly over the supply of woman power; and by the efforts of the military authorities the labour shortage is least severely felt in the war industries, both primary and secondary. These are suffering from no real labour shortage in the sense that they are unable to keep up their present maximum production; labour shortage makes itself acutely felt in the war industries only because, under insistent military pressure, they still attempt to increase their production, justifying the conclusion that while present output of war material under the Hindenburg programme can with ever-increasing strain be maintained indefinitely, the curve of production can rise no further; that if it changes it can only fall. For hu-

man material, too, a war limit appears to have been reached.

Germany's production of war materials has been more than doubled under the Hindenburg programme; an achievement made possible only by the ruthless drafting of men from peace occupations into war industries, by the greatly increased employment of women and the fullest exploitation of prisoner labour.

Under the Compulsory Patriotic Civilian Auxiliary Service Law, all males between 16 and 60 years of age who are not doing time in the army can be conscripted for any job except fighting. Under this law the labour strategy of the War Office has diverted man power into war industries and war occupations as fast as they could be weeded out of peace jobs without causing excessive friction or a fatal breakdown of the machinery of everyday life. Approximately 3,000,000 men have up to January 1, 1918, been drafted on whole or part time into compulsory civilian service of direct or indirect military interest to the Fatherland, and the process of absorption continues, though at a decreasing tempo.

All men liable to compulsory civilian serv-



ice have been required to fill out a registration card containing, among others, the significant questions, "How many days in the week and hours in the day does your present main occupation take up on the average?" Potential conscripts for civilian service are further required to state the date when they entered their present employment. The gradually emptying reservoir of conscriptable man power necessitates more careful scraping and dredging around the bottom, particularly to catch those who have succeeded so far in evading the civilian service draft.

The iron system of registration, dodging of which entails six months' imprisonment or 10,000 marks fine, furnishes the military authorities a highly classified card catalogue of all Germany's remaining man power, enabling its most efficient employment along the fixed lines of military economic strategy, to maintain the production of war material at the present maximum.

There is no unemployment among Germany's prisoners of war, barring officers and those recalcitrant non-coms, chiefly British, who would sooner be damned than "volun-

teer" for work, and who are treated accordingly. Germany had on January 1, 1918, some 2,250,000 prisoners of war. Eighty per cent. of these are engaged in gainful occupations; the remaining 20 per cent. include the prisoners needed to do the chores about the main prison camps, the sick and convalescent, the physically unfit for work, the favoured intellectuals (including college professors and artists), and those who unequivocally refuse to work.

Germany has on the average 1,750,000 prisoners doing useful work all the time. More than half are employed in agriculture, all other occupations claiming the rest. The system is that of the so-called "*Work Kommandos*," large or small detachments of prisoners, as required, being sent out from the main prison camps on orders from the prisoner division of the army corps *Kommando* in which the camps are located. The labour detachments of prisoners may be under the command of a Landsturm man; more generally the employer is now held responsible for them. Travelling military auditors, generally invalided staff officers, constantly pay surprise visits to the *Work Kommandos*,

check up the details of prisoners, investigate their food and working conditions and hear complaints. A single army corps district during the farming season will have as many as 40,000 separate working parties of prisoners.

Prisoners are encouraged to love work by the simple expedient of providing more and better food for them outside than inside the main prison camps. Prisoners doing agricultural work receive the same increased rations as the favoured self-providing agrarians. Their lot compares favourably with that of the German masses in the big cities. Food and lodging are furnished free of charge by the agrarian employer; the military authorities provide free medical treatment and free clothing. On the other hand, they are paid a salary of only 7 1-2 cents a day (12 1-2 cents for non-commissioned officers who volunteer for agricultural work).

On the whole, the agrarian is making a handsome profit on the transaction, which in part explains agriculture's hunger for prisoner labour. It is even whispered that honest German agrarians employ prisoners when there is available native talent. Even at

7 1-2 cents a day, however, most prisoners—and this is particularly true of the Russians—prefer the relative freedom of farming, with its not infrequent possibilities of social intercourse and family life and its certainty of better food, to loafing behind barbed wire. Exceptions are mostly English. Experience shows that prisoners do not take the place of native peasantry, man for man; that unless constantly watched they have a tendency to lie down on the job, at which the Russian prisoners are even better than at fighting.

Prisoner man power in Germany's industries functions more efficiently because it is under the constant supervision of, not infrequently uniformed, foremen and subject to at least semi-military discipline as in the case of most German industrial workers. For these, too, there is a much greater financial stimulus than in the case of prisoner farm hands. Prisoners engaged in industries, businesses, trades and all other occupations than farming must be paid the same wage scale holding good for free German labour. Yet in the majority of cases the productive efficiency of this class of prisoner labour, too, is below that of free labour; to which must be

added as a negative factor the occasional practice of sabotaging. Nevertheless, the short-handed German industries have an insatiable appetite for prisoner labour which the army in the present state of the war cannot begin to supply in the numbers required. As a *pour-le-merited* general once said to me on the east front: "Those good days have gone by when we never thought of taking less than 100,000 Russian prisoners."

The large scale experiment of drafting Belgian civilians to Germany proved a complete failure, even from the production point of view; a source of infinite labour troubles to employers and dangers to plants, with a minimum yield of productive work. The bulk of the Belgian *évacués* have unostentatiously been shipped here, and it is extremely doubtful whether there are more than 30,000 civilian Belgians still working in German industries today.

A factor of real importance, however, is the Polish man power in Germany. The number of Polish workers undoubtedly amounts to several hundred thousands. Their status is somewhere between that of German

war-industry workers and prisoners of war. Their freedom of movement is closely circumscribed. They cannot go home to Poland without a military pass, of course, which is rarely given today, even to neutrals, much less to useful Polish labourers. They are under military supervision; they cannot quit work, except for medical reasons, nor change employment without the express permission of the authorities.

Lured by the large wages paid to skilled labour in Germany today, there is an infiltration of neutral labour, latterly increasing in particular from Denmark, with Switzerland, Holland, Belgium also represented, but as yet neutral immigration has not reached a sufficient volume to be an important factor in supplying Germany's stripped labour market. Even more negligible is the small number of labourers supplied by Germany's allies.

Woman power has been the salvation of Germany's war industries, pulling through the Hindenburg programme. Particularly significant has been the startlingly increasing employment of women in the heavy and heaviest industries, in coal mining, in the iron and steel works, while women virtually mo-

nopolise the shell-turning game in Germany today. Millions of women of all classes have enlisted as volunteers in the war industrial army, or, as in the case of the professional prostitute, have been conscripted into it; and while the Compulsory Auxiliary Service Law has not yet been extended to women, a woman's division of the War Office, with thousands of patriotic branch offices, is systematically recruiting the nation's still unemployed woman power. The highest military authorities today look upon the women of Germany as the last line of labour reserves.

## CHAPTER X

### THE NEW STATE SOCIALISM

**T**HIS year sees the economic transition from peace to war, the industrial transformation of Germany into a State for fighting only, practically completed. The tide of military State Socialism, which since the Battle of the Somme and the launching of the ambitious Hindenburg programme has risen with startlingly increasing rapidity, today embraces virtually every branch of German trade and industry directly or indirectly affected by military necessity and threatens to engulf the last surviving shreds of independent existence of German business, big or small.

Born of military necessity and forcibly developed into a ruthless system by the far-sighted military authorities, calculating with the possibility of a defensive war of indefinite duration against heavy material odds, the new State Socialism first took the form of a con-



servation and control of material resources directly needed for warfare, then of such as are of indirect military importance.

The confiscation of both raw materials and finished products and their rationisation to the primary and secondary war industries continues increasingly today. Nineteen hundred and eighteen sees new raw materials and finished products confiscated and apportioned to the war industries by the military authorities in the military interest; the principle of the conservation and military control of all material resources necessary for warfare, irrevocably laid down, is being consistently carried through and will be relentlessly continued and extended during the balance of the war.

Carrying through the Hindenburg programme to double the production of war material, the military authorities, under the cloak of the State, have laid an iron hand on production and, not content with extending their absolute control over all war industries, have taken the last, most radical step toward autocratic, absolute State Socialism. The State, which today is all but synonymous with the military authorities, orders at will

and compels the fusion of manufacturing plants and industrial enterprises in order to increase productive efficiency, or effect economies in raw materials and labour; it decrees and enforces far-going consolidations, in some cases the syndication of entire industries; it ruthlessly closes down weak, small, inefficient or militarily useless and superfluous manufacturing plants and enterprises and puts whole peace industries out of business or forces and assists their transformation into war industries.

Operating through ordinances and decrees for which the Federal Council and the Imperial Chancellor bear the nominal responsibility, the Prussian War Ministry is today the industrial dictator of Germany, holding the fate of entire industries in its mailed hand, and behind it stands Ludendorff, the genius of military State Socialism.

The specific reasons for resorting to these ruthless, unprecedented measures indicate the overstrained economic condition of Germany in 1918. Germany's diminishing human and material resources must be strained to the limit for the rest of the war—almost to the breaking point—in order to fill the army's

increasingly urgent requirements for war material with which to meet America in the field. The tension cannot be relaxed for a moment or military disaster follows; efficiency can be geared up no higher, the human limit has been reached in her war industries, and Germany can maintain the present maximum production only by elsewhere effecting continual economies in man power, raw materials and transportation.

There is a labour shortage, a shortage in transportation facilities and a shortage of raw materials—even of those produced by Germany, including coal, coke, ores, chalk and potash—due in first line to the shortage of man power, in second line to the breaking down of the railroads; and economies in these three basic necessities of war-material production can be effected only by weeding out the weaklings still surviving in the war industries or by ruthlessly and progressively eliminating or pruning down the peace industries or by transforming “peace” factories into war-material plants in the most drastic sense of the word.

This process of downward industrial evolution is tending toward the ultimate elimination

of all enterprises, the closing down of all factories not working directly or indirectly in the military interest, with the exception of the relatively few that must be permitted to survive in order to supply the minimum requirements of the German people; excepting, too, those few fortunate non-war industries which are permitted to continue running because the present export value of their products, by helping to bolster up the mark exchange, outweighs the saving in man power, coal and transportation which could be effected by closing them down, and, lastly, such luxury industries in which the possible war economy is disproportionately small to the capital loss involved.

Where manufacturing plants are closed down or consolidated under the compulsory syndication of the entire industry or the system of contingents, no unfair hardship is inflicted on them; they have their pro-rata share in the war profits of the entire industry. But for a large part of the industrial plants not running today, compulsory closing down spells ruin and there is the superadded bitterness of sitting by and watching the war industries garner millions in profits.

Private enterprise and industrial enterprise is further strangled by the fact that the military authorities under the new order of things take an active part in the management of the war industries. They can compel factories to accept orders and can dictate the production policy of the industrial works; this military interference has become the rule, particularly in the constant practice of directing which orders must be filled first, which set back.

But the power of the military does not end here; they also control and dictate prices for basic and finished war materials. Reversing their price policy of the early stages of the war, when money was no object, volume and early delivery everything, and when to increase production and quick deliveries the military authorities paid almost any price asked and themselves offered rapidly jumping prices, 1918 sees them striving to check the sensational rise in prices all along the line, relying entirely on pressure of military authority to keep volume and speed of production at the present maximum.

They have come to realise that the vicious circle of increasing prices if allowed to run

on indefinitely would prove a grave danger to Germany in the last phase of the war, and that there must be a limit to the increase of production through constantly increasing prices. The determination on the part of the military authorities finally to set this limit has made itself particularly sharply felt in the iron and steel industry, where, for the first time during the war, 1918 brings with it no boost in prices. Though all freight tariffs have undergone an average increase of 15 per cent., and the cost of labour and raw materials is still steadily going up, the iron and steel industry is told it must carry these increasing burdens itself.

In many iron and steel plants, as a result of this drastic military price policy, there are whole departments which are being operated without a pfennig of profit, and still others run at an actual loss. It is argued that the war industries in the past have made such swollen profits that from now on they can afford to disgorge, and lose a little money, if necessary, for the Fatherland. The policy of stopping the advance of prices with an unbreakable Hindenburg line, even though heavy financial losses are inflicted, will in

1918 be extended to many other industries.

State Socialism is being made virtually complete and all-comprehensive by the radical economic measures to which the State is resorting even where no military interest, or at most a very remote indirect military interest is involved. Radical reorganisations and economic innovations are the order of the day, often proceeding from this or that privy councillor in some department.

Perhaps never before has the small man, the bureaucratic official without business experience, been able to exercise such autocratic power over legitimate business as in Germany today. The administrative organs of the government, from highest to lowest, are vying with one another and the military in shackling private initiative and individual enterprise at every turn. Free competition is being strangled with compulsory syndicates or helplessly tangled up in a network of official maximum prices for all possible products, prohibitions against the formation of new companies or the building of new manufacturing plants, even import and export prohibitions in the several Federal states, provinces, cities

and counties. A flood of official decrees and ordinances, frequently contradictory or senseless, is swamping the German business world.

Syndication under government pressure is no recent novelty. In the first year of the war, the government compelled the renewal of the coal syndicate, and in 1916 it was instrumental in bringing about the cement syndicate. The multiplication of control indicates clearly that, as the war continues, all industrial Germany will tend to become a complex of State-controlled trusts. The State today exerts its pressure positively in the form of a categorical imperative to compulsory syndication.

The laudable soap industry has secured its place in German economic history as being the first to taste the ruthless interference of the State. Motivated by the shortage of fats and oils, the soap industry was compelled to organise itself into a syndicate, in which the government had the decisive say in all important questions. More than half the plants in the industry were closed down, the remainder placed on a contingent basis, their production fixed and the pooled profits distributed among all the members of the syndicate, those



put out of business sharing on the pro-rata basis of their peace-time production.

A similar fate befell the shoe industry, only enough factories being permitted to keep going for which there was sufficient raw material available to operate them at full capacity. The State has compelled the closing down of many plants in the textile industries suffering from raw material shortage; the cotton mills being the first to go, the silk factories the last to hold out. The textile industry has, however, narrowly escaped compulsory syndication only because the perfection of the new paper thread spinning process provided unexpected raw material.

This year sees a dramatic climax in the struggle between State Socialism and Individualism. German business has become aroused to the menace of the system. Trades and industries are beginning to show signs of passive resistance to the encroachments of the State; there is at least a beginning tendency on the part of business to assert its rights to life, liberty and the pursuit of profits, and there are instances of open rebellion against State dictation.

The German leather manufacturers have

been the first to take a determined stand against forcible union, on the ground that they could not hold their own in the markets of the world after the war in syndicate shackles. The decree for the syndication of the beer-brewing industry was promulgated, but aroused such a unanimous stormy opposition in all branches of the trade that the State has not dared to enforce it, though the immediate object to be obtained was the mobilisation of the 12,000 tons of copper tied up in Germany's breweries and the effecting of a 50 per cent. saving of coal. The brewing industry is proving that it is possible to effect the same economies by voluntary agreements within the industry itself; and there is more than a suspicion that in its passion for bringing about new syndicates the government may have ulterior motives, such as paving the way for monopolies as future new sources of revenue.

Where only individual plants and not whole industries are concerned, the forcible closing down is generally due to the policy of effecting coal economies, and the technique of putting them out of business is simple enough—the Imperial Coal Commissioner merely with-

holds coal from them. There is something ruthlessly democratic about this process; even the Kaiser's pet majolica factory at Kadinen was forced to shut down because it could not obtain coal, and the Kaiser, duly notified at Great Headquarters, has apparently made no move to ask for special favours. On the other hand, industries still working for the export trade are relatively safe; thus the German toy industry is permitted to flourish, and the exports of toys to Holland and Scandinavia exceed the peace-time figures, while the luxury branches of the porcelain industry are likewise working at full capacity.

While State Socialism is constantly striving to bring about consolidations, super-trusts and monopolies, curiously enough irresistible economic forces, exploiting the abnormal war conditions, have driven Germany in the same direction—into an era of fusions without State interference. The increasing intensity of the struggle for economic existence and the fear of going under, particularly in the dreaded crisis after the war, makes the weaker enterprises peculiarly amenable to absorption; while for the powerful corporations, gobbling up their less powerful rivals is an

attractive possibility of consolidating part of their huge paper war profits.

The fusion fever has spread to all branches of big business, finance and industry. The giants of the potash syndicate have secured for themselves a bigger share in the Potash Kartell by annexing smaller concerns. In the cement syndicate some of the leaders have improved their position by absorbing a series of smaller cement works. Particularly significant have been the fusions in the Silesian cement industry. Under prevailing abnormal war conditions the system of kartells and pools, far from preventing individual members from gaining a predominant position, seems rather to foster it.

The progress of concentration and fusion within the brewing industry has been particularly rapid; the process of elimination and absorption will in time leave the control of the entire industry in the hands of a few giant corporations. The chemical industry is a veritable hotbed for trusts and potential monopolies. The whole trend of the times is toward trusts, super-trusts and monopolies.)

The expansion and absorption movement has been most startling in the banking world.

Germany today has an undisputed money trust. The big three, the Deutsche Bank, the Disconto Gesellschaft and the Dresdner Bank, have continued swallowing up banks big and little, and in some cases entire chains of banks, until today they control more than 10,000,000,000 marks and the money market of Germany.

## CHAPTER XI

### GERMAN ORGANISATION AND OVER- ORGANISATION

**O**RGANISATION has been Germany's salvation in the past; the Germany of today, however, shows symptoms of chronic overorganisation. The German passion for organisation has seemingly made the Germany of 1918 the highest, most perfectly organised military State conceivable "for fighting only"; but even thoughtful Germans have come to believe that organisation may have been carried too far, that it is becoming a disease rapidly progressing, though the full harm may not be felt until after the war.

German organisation has overlooked no department of life; but perhaps the most grievous sufferer continues to be legitimate commerce and trade. There has come an almost complete elimination of free commerce, through the organisation of the so-called *Kriegsgesellschaften*, or "War Companies,"

on which the State confers the absolute monopolistic right to buy and deal in specified commodities—perhaps the most virulent form which State Socialism has taken on in Germany and one not unlikely to prove incurable after the war.

At the beginning of 1918 there were 140 of these mixed private-and-State monopolistic enterprises—all, with a solitary exception, located in Berlin, and all alike in the fact that the bulk of their profits, if any, flows into the coffers of the State. Their ponderous names, often crawling across a whole page in one word of thirty or forty letters, are self-explanatory; the list of them is, at the same time, a complete official Index Expurgatorius of German commerce and trade.

Most important and best known in Germany are the Imperial Grain Bureau and the Central Purchasing Company, popularly known as the "Z. E. G." The Imperial Grain Bureau is the first-born of the British blockade, to which it owes its continued existence. It has the complete monopoly of grain for all Germany, including both the buying and the distributing; and the regular grain trade, particularly the middleman, has

been squeezed out. Its principle of operation is relatively simple. It has two Commissionaires, working on commission, in every producer district throughout Germany, who buy up the entire confiscated grain crop, over and above what the producer is legally entitled to keep. As fast as the railroads can move it the grain crop is got into government elevators, mostly built in the early stage of the war, and then apportioned to the municipalities as needed. The Imperial Grain Bureau is unique among German war companies for having fulfilled its purpose perfectly, and no reasonable fault has ever been found with it—one of the bright spots of State Socialism.

Not so the "Zentrale Einkaufs-Gesellschaft," or Central Purchasing Bureau, which in addition to being one of the most important is at the same time the most sharply criticised and violently abused of the war corporations, the object of fierce attacks in parliaments and out, and the most frequently damned by public and business world. The "Z. E. G." is one of the world's biggest importing and wholesale grocery houses; it has over 4,000 employees, its head offices occupy



half a dozen Berlin hotels, confiscated by the government, and its agents swarm in all accessible neutral countries. It has an absolute monopoly for the importation of all foreign grain and grain products, including malt, and for neutral butter, margarine, cheese, fish, feed, fertiliser, lard, live stock, meat and meat products, eggs, condensed milk and milk powder as its other principal specialties.

The startling extent to which private enterprise is strangled and the freedom of trade shackled by these State war monopolies may be gathered from a small selection. There is the "Trockenkartoffelverwertungsgesellschaft" (forty letters long) with the monopoly of operating all potato desiccating plants in Germany and distributing the product; the Imperial Meat Bureau, in absolute control of Germany's entire meat trade; the Imperial Sugar Bureau, which has entirely eliminated the middleman and controls both production and distribution; the Imperial Sack Bureau, which today monopolises the manufacture of bags and sacking; the "Nesselfaserverwertungsgesellschaft," or Nettle Fibre Utilisation Company, having a monopoly of all fibre-yielding nettles gathered

in Germany; the Imperial Edible Fats Bureau and the Shoe Trading Corporations.

Then there are also the Imperial Barrel Bureau, having a monopoly of the manufacture of barrels, casks, kegs and wooden pails; the Ersatz Sole Corporation; the Union of German Brewery Yeast and Desiccating Plants; the War Lubricating Oils Corporation; the War Phosphate Corporation; the Supervision Bureau for Sea Mussels; the Margarine Corporation; the German Tobacco Trading Companies of 1916; the Shoe Manufacturing and Distributing Companies; the Central Bureau for Sulphate Distribution; the Imperial Distribution Bureau for Eggs; the War Committee for "*Ersatz*" Feed; the Imperial Bureau for Wood Pulp; the Imperial Bureau for Print Paper, and the War Economy Bureau for the German Newspaper Business.

In addition to these there are the War Wool Requirements Corporation; the Imperial Clothing Bureau; the War Committee for Coffee, Tea and their substitutes; the War Cocoa Company; the Barley Utilisation Company; the Cigarette Tobacco Purchasing Company; the Imperial Bureau for Vege-

tables and Fruit; the Imperial Feed Bureau; the German Brewers' League; the Central Bureau for Covering the Army Requirements; the Imperial Potato Bureau, and the Imperial Fish Bureau.

Through the monopolistic privileges and powers conferred on the war companies, the principal foodstuffs and other necessities of life have been taken out of the free market and the corresponding trade virtually put out of business. The wholesaler and the middleman are a fast vanishing species in Germany today. Nor are the monopolistic war companies alone giving legitimate business the quietus; maximum prices, the confiscation and expropriation of goods, and rationalisation are all giving German business a black eye and sending it reeling to the ropes.

While the increasing practice of fixing maximum prices has had the desired result of retarding the rise in the cost of living, and has made possible and at least partial State control of the irresistible upward tendency of all prices, maximum prices are today a discouraging and demoralising factor in many still struggling, surviving branches of business.

How maximum price ridden Germany is may be gathered from the fact that nearly half a hundred maximum price ordinances have been promulgated by the Imperial Government and the Prussian State alone, in addition to the legion of local maximum prices fixed by the acting commanding generals in the several army corps districts, by provincial, county, district and borough authorities, and by the governments of the several Federal states.

Maximum prices have been fixed for nearly 1,000 articles; the index alone to the maximum price ordinances of the official Bundesrat for one year was over five columns long. The German business man who would try to keep himself posted on the new laws and regulations for hampering business would have no time left for doing what little business there remains to be done.

Of all of Germany's innumerable attempts to escape the pressure of the British blockade and America's embargo by legal ordinances, the most curious development is the local embargo. The instinct of self-preservation has caused individual states, provinces, counties and even small communities to declare

and strictly enforce thousands of local embargoes, such as Southern Germany's embargo on fresh fruit. The local embargo has helped to feed the peculiar German civic vice of particularism; the local embargo is generally the outer and visible sign of a petty material selfishness, a tendency to regard oneself not as a citizen of the German Empire, but of Bavaria, Württemberg or Prussia. Nor can it be said that the local embargo is making for unity within Germany. On the contrary it tends to deepen the cleft between city and country, and the inequalities in different parts of the Empire, in different provinces, or even districts, caused by local embargoes is a source of embittered feeling.

One of the most serious minor menaces to legitimate business lies in the vague ordinances against excessive war profits, embodying, however, heavy penalties. The "War Usury Law" provides both fine and imprisonment for any one who asks prices embodying an excessive profit for articles of daily necessity. No business man can possibly know where he is at, owing to the elasticity of the terms "necessaries of life" and "excessive profits."

Conflicting court decisions have added to the business man's confusion until Chambers of Commerce have protested that the ordinances are undermining the very existence of commerce and trade. The widespread scandal of excessive war profiteering has made the courts particularly severe in this class of cases and the limit of the law's fine and imprisonment is almost invariably inflicted in cases of conviction.

The honest merchant runs the constant risk of getting caught in the toils of the vague "Excessive Profit Law" with the odds all against his getting free again, since there is an increasing tendency on the part of the courts to regard the principals in profiteering cases as guilty unless they can prove their innocence. Responsible merchants have even been convicted under the Excessive Profit Law when they have sold goods at the market price which they had succeeded in buying at a bargain, thus making a larger profit than usual.

The curious result is that the German business man assumes all chances of loss, but his chances of making a profit are greatly diminished and limited. He can lose as much

money as he pleases without being punished by the State, but he must not make a larger than the customary average peace-time profit. The honest merchant, already showing signs of being slowly crushed out of business existence, has the pleasant prospect of prison at all times before his eyes. These are not good times for private enterprise in Germany.

And yet another pitfall besets legitimate business. The harshly enforced laws designed to check war profiteering include an ordinance against the notorious illicit "chain trade," against the speculative practice of goods passing from hand to hand at constantly increasing prices. The war law's laudable intent to do away with unnecessary speculative links between producer and ultimate consumer has tended to bring all dealers, all middlemen, under the suspicion of being at best superfluous and at worst criminals.

One of the bitterest complaints against the "system" is regarding the concentration of all but one of the "war companies" in Berlin—tantamount to the concentration of Germany's entire economic life in Berlin, which at last and only through the hothouse

evolution of war has become the business metropolis of Germany, which it never was in peace times.

Hamburg, Bremen, Frankfort, all the big provincial centres, which, in peace times, were proud of their economic independence and regarded themselves as peers of Berlin, are resenting this concentration of the war companies. Hamburg merchants have charged that the Berlin authorities purposely make difficulties for the trade of other cities. There is distinctly a reaction against organisation and overorganisation.

Yet of organising there is no end. Not only the State is displaying a passion for creating new organisations; the entire business world, nerves strained to the limit during the war, is if possible outdoing the State in organising and counter-organising. The menace of State Socialism, increasingly sensed, the instinct of self-preservation, the fear of the uncertain future and the common-sense desire to be in the strongest possible position for the coming economic struggle; all these have resulted in the feverish organisation of trade associations, defensive leagues, protective unions, often of a highly specialised



character, while existing trade associations and unions are being expanded and strengthened. An orgy of organisation is taking place in Germany, in preparation for peace as well as for a continuance of the war.

## CHAPTER XII

### ECONOMIC STRATEGY

**S**TATE control has killed all individual freedom in foreign trade. Justified by war necessity, State Socialism has here made its biggest strides toward the dangerous phase of seeming permanency. For Germany's iron control of imports and exports is not motivated solely by the negative aim to prevent German goods from reaching the enemy through neutral channels nor the positive object of squeezing all possible material aids to her warfare out of the neutrals at lowest prices; beyond these immediate benefits accruing from absolute State control of all foreign trade, it is a powerful, highly organised weapon of economic warfare, employed with astuteness and foresightedness in all nearby neutral theatres of war with a particular weather eye to the expected economic war after the war.

Three distinct interlocking sets of handcuffs are placed by State control on the small

---

remnant of German foreign trade that has escaped the long arm of the British blockade and America's embargo. There are, approximately, forty different import monopolies exercised by war companies; there is an Imperial Commissioner for Export and Import, carrying out the economic policies of the military authorities and the economic strategists of the Imperial Foreign Office; and, lastly, the Reichsbank, sharply controlling and dictating the form of all payments to and from neutral countries, with which business is still "doable."

The uncompromising rigidity and completeness of German State control of the foreign trade, which makes it a dangerous weapon of warfare, is not without its weak points, its shadowy side, however. German business men and economists have openly asserted that it has been the most effective ally of the British blockade in throttling Germany's foreign commerce, or what was left of it, and perhaps not until after the war will it be possible to say whether the advantages of the "system," as compared with reasonably free individual enterprise, outweigh its drawbacks.

In the first place, the importation of all necessaries of life is monopolised by the Central Purchasing Company and other war companies. The most interesting items which Germany has thus been obtaining from nearby neutrals during the war, and in which Germany, despite America's embargo, is still sufficiently hopeful about and interested in to continue the import monopolies, are bread, grain and flour; malt, grits and oatmeal; peas, beans and lentils and their products; all kinds of feed and fodder; potatoes and potato products, including desiccated potatoes, starch and "pudding powders"; vegetables and fruits and manufactures thereof, including marmalade; nuts, raisins and grape seeds; sugar and sugar beets; artificial honey; cocoa, chocolate and cocoa shells; coffee, tea and chicory; cattle, meat and meat products; game and poultry; lard, butter and margarine; cheese, oils, fats and oil-yielding seeds; milk and milk preparations, including condensed and powdered milk; fish and fish products; also shellfish; spirits. And as showing that State control is overlooking no edible bet, there is even an import monopoly for whales, seals and porpoises.

---

As far as these and numerous other monopolised articles are concerned, legitimate business is virtually entirely eliminated from the importation field. For even, as still occasionally happens, if the German importer who refuses to be discouraged by official handcuffs succeeds in obtaining an import permit from the Imperial Commissioner he runs the highly probable risk, amounting to practical certainty, that his imported goods will be confiscated by one or the other of the war companies, and taken away from him at an arbitrarily fixed price which is just as likely as not to be below cost.

Cases are on record of German importers being permitted to buy their own confiscated goods back from the war companies at greatly increased prices, the war company, thanks to its monopoly privilege, pocketing a handsome profit without doing a stroke of merchandising work. Under the circumstances, many a German importer prefers to drop his neutral business connections for the balance of the war, hoping against hope that the system will be abolished after the war.

That State control has here had the effect of still further reducing the pathetic remnants

of Germany's once proud foreign commerce surviving the British blockade—in the last peace year amounting to nearly twenty-two and a half billion marks—is a fact. And that as a result of the elimination of legitimate free trade large quantities of urgently needed and highly desirable neutral merchandise have failed to reach Germany is equally certain. Official bureaucratism, even in disciplined Germany, cannot take the place of individual enterprise with its long-standing connections and inside professional knowledge of the still open neutral markets, and in this sense it has undoubtedly been an ally of the British blockade and America's embargo.

On the other hand, State control of imports has fully justified its existence by achieving all its ends, which must be booked on the credit side of State Socialism's ledger. By entirely eliminating the wide-open, cutthroat competition of German importers in the still open neutral markets, it has cut the ground from under neutral speculation on German necessity, and forced prices down to a neutral level. It has enabled immense quantities of neutral foodstuffs to be secured and side-tracked exclusively for the army, which,

through open channels of trade, would otherwise necessarily have gone to the German people.

It alone has made possible the effectual, equal distribution of the balance of imported foodstuffs to the German people at relatively equitable prices, which, under wide-open or semi-controlled activity of importers, would necessarily have gravitated at exorbitant prices to the centres of greatest purchasing power. It has prevented the too precipitate fall of the mark, and made it possible, by combining imperial economic with financial strategy, greatly to retard the decline of the mark and even to boost it up again. Most important, perhaps, the concentration of virtually all importation in the hands of the State makes it a sharp political economic weapon for driving hard bargains with small neutrals.

There is more than a suspicion that State-controlled monopoly not infrequently misuses its unique position to make excessive profits, and that consumers of imported goods, monopolised by war companies, often have to pay from 50 to 100 per cent. more than would be the case if there were an open

market. So, too, the bureaucratic war companies have frequently been badly let in by shrewd and venal neutrals to an extent which would probably not have been possible in the case of private enterprise.

Thus it is said that the Central Purchasing Bureau lost its entire paid-in capital of 11,000,000 marks on a single herring deal, making up the loss only by extracting exorbitant profits from other imports. So, too, State Socialism as a monopolistically privileged importer is a very Shylock in extorting the last pound to which it is entitled. Innumerable cases of meticulous confiscation are on record; typical examples being the forcible separation of neutral foodstuffs from returning German and neutral travellers and the confiscation of small neutral food parcels sent through the mails.

Equally tight is Germany's stranglehold on exports, which imperial economic strategy finds an even more effective weapon for dealing with small hard-pressed or recalcitrant neutrals and employs accordingly, not infrequently under the camouflage of altruism. State-controlled export strategy makes an illuminating distinction between mass prod-



ucts, chiefly coal, iron and potash, and certain less bulky specialties, such as chemicals, dye-stuffs and medicines, which are of vital importance to neighbouring neutrals and which, therefore, serve in first line as weapons for compelling compensation agreements and as unanswerable arguments persuasive to neutral minds and governments against America's embargo. They serve also to brace up the mark exchange.

The German State's control over exports is as perfect and far-reaching as in the case of imports. Nothing can be exported without the formal sanction of the Imperial Commissioner for Exports and Imports. And while there are no specially organised State war companies with export monopoly privileges, as in the case of imports, the old and new syndicates, kartells, pools, manufacturers' and producers' associations answer very much the same purpose. State control of the mass-product exports is absolute and complete. The State not only specifies the quantities of coal, iron, potash to be exported and determines deliveries, but fixes prices and terms as well.

Not a pound of coal, iron or potash, nor

an ounce of medicine gets out of Germany without the full equivalent in compensatory goods being received. German coal for Swedish iron ore, German coal and iron for Danish butter and meat, German coal, iron and potash for Dutch spring potatoes, cheese and fish; German coal and iron for Swiss cheese, chocolate and condensed milk. The black diamond is Germany's trump ace against British blockade and American embargo. Heathen Chinees-like kept up the sleeve until the stakes are all on the table when playing the compensation game with neutral economic sharps, and the coal card has, so far, never failed to win the pot. Thanks to her coal, Germany is in a peculiarly favourable position to drive hard compensation bargains with neighbouring neutrals, and knows it.

In closing the last compensation contract with Denmark, the German negotiators let it be plainly seen that they knew they had their Danish colleagues in the hollow of their hand—that Denmark would have to accept whatever compensation terms Germany proposed and insisted on. The Danish, Swedish and Dutch State railways would have to

---

stop running day after tomorrow but for German coal. German coal prevents wholesale unemployment; whole industries in neutral countries would have to close down without it. What little surplus coal is left over for the cold public in winter is mostly mined in Germany.

And yet, Germany cannot begin to supply the actual coal requirements of the adjacent neutrals; coal shortage and the rundown condition of the overburdened German railways makes this a physical impossibility. With the utmost coal economy, and only by depriving her own people of necessary coal, can Germany scrape together approximately half a million tons monthly for export to the neutrals. Sweden needs normally half a million tons a month, and in 1918 gets something over 100,000 tons monthly. This is approximately the standard ration which Germany can afford to give to Denmark, Holland and Switzerland.

Even this small ration, because covering the most imperative neutral needs, preventing the stopping of the railroads and industrial catastrophe, is a sufficiently potent magnet to draw the major products which the nearby

neutrals still have to export, and which Germany needs. As long as these neutrals are not starved or reduced ominously near to the starvation point, Germany's coal enables her virtually to dictate compensation terms to the neutrals within her economic sphere of influence, and there is not the slightest ground for believing that the counter-pressure of America's embargo is strong enough to break up the combination and put a full stop to neutral exports into Germany.

To back up its coal trump, Germany holds a strong hand in limited exportable quantities of iron and steel, potash and nitrates, Roumanian petroleum and gasoline, lubricating oils and salt, aniline dyes and medicines. Nearby neutral eagerness for even the smallest quantities of these, particularly since cut off by America's embargo, is such that, played singly or in combination, they are successful in coaxing both major and minor compensation articles out of the neutrals.

Most Danish and Swedish motor fishing boats are today running on gasoline given by Germany—not for charity; and if part of their catch wanders into German military stomachs it will be as compensation exacted.

Sweden recently, and only after a severe struggle of Liberal and Socialist statesmen with their consciences and better judgments, swapped 15,000 husky army horses with Germany for high-grade coal, salt, petroleum and unspecified war material.

Indispensable German medicines are a particularly effective hold-up weapon, and responsible neutral governments, faced with the alternative of "your foodstuffs or your national health," seldom fail to capitulate and hand out the required food tribute. There is a dramatic case of a friendly neutral nation which broke its pledge not to re-export coffee, and secretly gave Germany 4,000 bags of coffee in return for vitally needed medicines only after the leading statesmen had been convinced by the highest medical authorities that the compensation drugs were needed to save the nation from an epidemic.

Since Germany can, at best, barely supply the most urgent neutral needs for her coal and other compensation commodities, she is in a peculiarly favourable position for playing neutral against neutral, in case of a hitch in negotiations; nor has Germany's sharp export sword been an unimportant factor in

chastening small neutral enthusiasm for economic agreements with America involving release of neutral tonnage.

On the other hand, Germany too has used mild threats of embargo pressure, at least, in order to squeeze out neutral tonnage—not idle shipping but railroad tonnage. It is said that Germany has only recently offered Sweden breadstuffs in return for one-third of Sweden's rolling stock. The same end is achieved by telling nearby neutrals they can have coal only if they come and get it, let Germany have enough neutral rolling stock to haul the compensation export traffic. Holland has, in the past, placed whole freight trains at Germany's disposal.

Equally worth studying is Germany's economic propaganda and goodwill strategy, comprising the export of small quantities of specialties with or without compensation, but in any event shrewdly calculated to make a favourable impression on neutral mass public opinion. Synchronously with America's generous promise of two Christmas ships to little Denmark last year, Germany delivered Denmark sufficient Roumanian gasoline to run all of Copenhagen's taxicabs, motor buses, busi-

---

ness and private automobiles during the Christmas holidays, cheery Christmas motor traffic being seen for the first time in many months, thanks to Germany's generosity. Many a Dane with historic enmity toward all things German in his heart unwillingly felt a little more kindly toward them, while invidious comparisons were and still are voiced between America's and Germany's treatment of small neutrals in general and Denmark in particular.

Four thousand tons of German potatoes arrived providentially in Stockholm at a time when its stocks had run dangerously low, and during the domestic potato pinch all Stockholm knew it was living on German potatoes, and talking about it. A number of specially favoured important Swedish and Danish manufacturing plants are able to continue running, thanks only to lubricating oil "given" them by Germany.

Equally significant is the typical fact that Germany, though short of rolling stock itself, and even trying to squeeze freight car tonnage out of the neutrals, has nevertheless in the recent past delivered locomotives and freight cars to one of Sweden's largest iron

ore and steel manufacturing estates and further deliveries will be made at regular intervals in 1918.

A suggestive form of economic propaganda, killing two neutral birds with one export shipment, is generally employed in the case of Norway. In return for 15 per cent. of Norway's fish production, Germany has been giving the latter, among other things, chemicals, aniline dyes and medicines. These have not been sold to Norway direct but are only permitted to reach Norway through Swedish middlemen, thus picking up some extra Swedish good will in transit.

German State control is lavish with export permits for all luxury articles and, in general, all goods not pressingly needed by the German people themselves. Far-sighted economic strategy encourages German business to increase the volume of such exports, which, though they may have no direct propaganda value, help to keep up mark exchange and serve to hold the neutral markets. Scandinavia swarms with German commercial travellers. Keen German drummers with impressively well-stocked sample trunks are playing the whole Northern circuit, taking



---

orders for laces, buttons, fancy notions, millinery, toys and what not.

Germany is making a particularly strong bid for the high-grade cloak and suit trade of these neutral countries. It is also lining up useful connections for reaching into Finland and Russia at the earliest possible moment, and in every possible way preparing for a big business offensive against the enemy world after the war. Nor must such typical minor export strategy be overlooked as, for example, giving Denmark shipbuilding material to keep part of its shipyards running, thereby getting control of new tonnage built by Denmark for the time after the war.

## CHAPTER XIII

### HIGH PRICES AND INFLATION

**T**HE beginning of 1918 marks a milestone in the era of high prices in Germany—a new climax in the depreciation of German money. The significant feature is the rapidly accelerated sharp upward movement of the price curve since America's entry into the war as compared with the gradual, war-normal rise of prices in the early part of the war; while State control, unable to keep the lid down by officially sitting on it—such is the present cumulative eruptive force of rising prices—is still ineffectually grappling with the grave problem, though employing every old and new device of expediency and scientific financial strategy.

Caught early in the war in the vicious circle of progressive shortage of raw materials and exhaustion of finished stocks resulting in steadily increasing prices, increasing labour shortage and cost of living resulting in increasing cost of labour, the latter in turn

again serving to boost the price of raw materials and finished products, Germany has become more and more involved in what to-day must be regarded as a vicious price spiral, with the sky the limit, depending on the length of the war. The increase in prices during the war ranges all the way from 50 to 500 per cent.

It is lowest for those most necessary necessities of life where State-fixed maximum prices have acted as a reasonably effective check; it is highest for luxuries, for all uncontrolled foodstuffs and for the favourite articles of the "underground" traffic, with a happy medium for clothing, most semi-necessaries of daily life, and in general all war materials.

Most price increases of less than 100 per cent. are artificial, while those ranging much above 100 per cent. must still be characterised as isolated abnormalities; neither affords a true gauge of changing conditions. Ignoring the high and low extremities, the average increase in prices since the war began, up to January 1, 1918, has been slightly more than 100 per cent.

Analysis of the revolutionary price move-

ment reveals a complicated state of financial affairs. Quite apart from the inevitable, vicious circle of progressively exhausted old stocks, labour and material shortage and concentration of insatiable military demand on a limited field of supply, the sharply accelerated price curve is intimately connected with the tremendous inflation and consequent depreciation of the currency, with the fall of mark exchange, and with the startling shift in the distribution of paper wealth—away from the middle classes and toward the opposite poles, the poor and the rich.

No attempt is made in Germany to deny the startling extent of existing inflation. This has been called, with a touch of sad humour, "the Age of Paper," and even German financial experts have characterised prevailing conditions as a *Papierwirtschaft* (paper economy) of the worst sort. The monetary system built up through decades has been wrecked by the war.

Never before, certainly at no time during the war, have the German people had so much money as they have today. Pockets are bulging with paper, savings banks with deposits. It is a boom period of unprece-

dented paper prosperity. Wages in the war industries—and few surviving industries in Germany are not, directly or indirectly, war industries—have leaped to four times the peace scale. The State pumps out paper money like water in pensions and subsidies to soldiers' families. Paper money pours home from all fronts. The agrarians, junkers and peasants have rustic socks crammed with paper. Merchants and small tradesmen who have liquidated their stocks are unable to lay in new, and are left holding the paper proceeds. These, too, never had so much ready money in their lives. Nor was big business ever so flush with paper.

Not only has everybody money, but everybody is spending it; the rate of circulation is increasingly accelerated. And still it can't be spent fast enough; there is a veritable stampede to the banks and the savings banks. The savings banks are swamped with new accounts. In December the Berlin savings banks issued 19,000 books to new depositors, and the stream of depositors in the early days of 1918 is estimated at four times the normal. The number of deposits frequently exceeded 16,000 in a single day, the average

daily deposits aggregating close to \$500,000.

The savings banks, which used to close at 2 P.M., keep open until 5, and eager and angry depositors have had to be turned away, not infrequently with some brusqueness.

The commercial banks, the giant banks of the Money Trust, well fed by public and war profiteers alike, show dizzy deposits, \$2,000,000,000 as against \$300,000,000 at the beginning of the war.

The abnormal inflation can hardly be pictured with bare figures. The total amount of German paper money in circulation on January 1, 1918, was 19,177,000,000 marks (\$4,800,000,000), a per capita average of \$70.

The inflation significance of these figures is heightened by bearing in mind that the German people were not educated to paper money. They clung with innate Teuton stubbornness to hard money, especially gold. The total amount of German paper money in circulation at the outbreak of the war was only \$700,000,000, and of gold, in circulation or hiding, \$600,000,000. The practical patriotism of the German people has enabled the Reichsbank to absorb almost the last particle of the peace-time gold supply.

When the war began \$1,300,000,000, paper and gold, fully covered the major monetary requirements of the German nation, as against \$4,800,000,000, all paper, January 1, 1918. The total currency has expanded nearly 250 per cent. to date; the expansion of the paper circulation alone is over 600 per cent.

And these figures do not give the full measure of actual inflation, for war conditions and the "pay by check" propaganda have succeeded to a considerable extent in weaning wide circles of the German people who never had a bank account before or who never used it for active checking purposes from the provincial and antiquated cash payment habit, so that the normal monetary needs of the German people are appreciatively less in 1918 than at the outbreak of the war.

German financial specialists say the phenomenal inflation becomes more and more thought-provoking; yet there is no reason to believe that it has passed the climax or that the paper bubble will not continue to expand, and with it prices continue rapidly to rise, and somewhat less rapidly the purchasing

power of money decline. Conservatively estimated, German money has depreciated 50 per cent. in Germany.

The rise in prices has been stimulated by the fall of mark exchange—distinctly an element of weakness in Germany's general financial position: fall of mark exchange due in first line to Germany's increasingly unfavourable foreign trade balance, somewhat to speculation in exchange at home and in neutral countries, to neutral venality in taking a mean advantage of German life and death necessity, and possibly, as charged by Germans, to permissible "machinations of enemy powers" intended directly or indirectly to depreciate the imperial mark in the sight of neutrals; unfavourable foreign trade balance due in turn to the British blockade cutting off Germany's overseas exports, Germany's physical necessity of limiting exports to open neutral markets and venal neutrals' practice of charging all that the German traffic would bear—a small but peculiarly vicious circle, which imperial financial strategy has nevertheless succeeded in checking by a combination of ruthless measures.

The suggestive fall and rise of the mark is



shown in the following table of official Berlin quotations:

	100 Dutch Flrns. cost (marks)	100 Danish Knr. cost (marks)	100 Swiss Frs. cost (marks)
July 14, 1914 (peace) .....	169	112.15	81.30
January 29, 1916 .....	236.25	168.75	104.62
End December, 1916 .....	239	163.25	117
End March, 1917 .....	248	170.25	123.50
End October, 1917 .....	315	230.25	157
End November, 1917 .....	290	220.25	153.62
December 22, 1917 .....	226	170.25	125.02
January 16, 1918 .....	215.50	153	112.50

Doing little or nothing to check inflation and depreciation of the mark at home, financial strategy has devoted its defensive, and latterly its offensive, talents almost exclusively to stemming the retreat of mark exchange. The Field Marshal of Finance, whose genius is generally credited with having won at least a partial victory on the hard battlefield of foreign exchange, is the President of the Reichsbank, von Havenstein. The sensitive barometer of the Danish crown (26 cents) best reflects the several phases of the struggle, the German mark normally being worth about 25 cents.

The ruinous price-boosting competition of German importers in the open neutral markets has been ruthlessly suppressed by grant-

ing import monopolies to war companies, notably the Central Purchasing Company, covering all important commodities. All other importations are subject to the formal sanction of the Imperial Commissioner for Exports and Imports, who passes on the necessity of the projected transaction, prices and terms. Further there are rigid prohibitions against importing luxuries, the list having been gradually extended to shut out all commodities not absolutely necessary, while the export of dispensable goods is encouraged to the limit of available transportation. Yet these palliative measures proved insufficient to check the fall of the mark.

To this end, all transactions in foreign exchange in Germany are under rigid State control. There is no longer an open market for foreign exchange. The free competition of banks, brokers and speculators has been eliminated. Since January 29, 1916, the entire foreign exchange business has been monopolised by a close group, consisting of a small number of leading banks and private banking houses under the supervision of the Reichsbank. All other banks and banking houses and foreign exchange brokers are per-

mitted to play only the rôle of agent on a commission basis between the public and business world and the privileged banks.

Through this convenient apparatus the State can directly influence the foreign-trade balance by refusing the means of payment for all but indispensable neutral imports. It can also do a little speculating in foreign exchange on its own account, always with an eye to supporting the mark, whereas even the most patriotic German speculator, left uncontrolled, would wink at patriotism if he could make a profit by "bearing" the mark.

Stringent regulations have been enforced to prevent minor leaks. Travellers are forbidden to take more than 200 marks in German money out of the country; gold, of course, is absolutely embargoed. Travellers may take not more than 1,000 marks in foreign money out of Germany. Even small remittances to neutral countries require the permission of the authorities.

State control does not end here. It has gone a step further than granting or refusing foreign exchange in payment of imports. It now encourages German business to close its neutral deals on the basis of settlement by

promissory notes payable six months after the war ends and made attractive to neutrals by bearing interest up to 8 per cent., the State carrying the burden of excess interest and standing back of the notes. Further, it has decreed that all export business must be done on a basis of payment in the money of the neutral country to which German goods are exported.

State confiscation of foreign securities held in German hands, the rushing of several billions of marks' worth of foreign securities into the neutral money markets as reserves by the Reichsbank, had steadied the mark still further when America's entry into the war wrested seeming victory from the Reichsbank. America's entry, in addition to the incalculable moral effect on susceptible neutral nerves, prevented the further wholesale exportation and realisation of American securities. The resultant terrific pressure on mark exchange is indicated by the fact that immediately before America's entry 100 Danish kroner could be bought in Berlin for 170.25 marks; seven months later they cost 230.25 marks.

While Germany's need of neutral imports

is no greater today than it has been all through the war, the vital needs of the nearby neutrals which can be satisfied only by Germany's exports have increased, until today Germany holds the whip hand in all economic agreements. The unfavourable trade balance is still further reduced by beating down the prices for neutral raw materials and foodstuffs, by screwing up the prices for Germany's exportable mass products.

The new credit agreements, running for six months and first tried on the Swiss Government, subsequently entered into with Holland and Denmark, have as a basis the increased fixed prices, in neutral currency, for the allotment of mass products such as coal, iron, potash. The money value of Germany's compensation imports of foodstuffs and raw materials being invariably greater, however, the remaining unfavourable compensation trade balance is wiped out by a loan from the neutral to Germany. Offensive economic-financial strategy and peace negotiations with Bolshevik Russia have more than wiped out the moral-financial effect of America's entry as registered by the foreign exchange barometer; the mark stands higher at the beginning

of 1918 than on the eve of America's entry. For this modest victory, however, the Reichsbank has had to pay a heavy toll in gold. From August 1, 1914, until January 1, 1918, 1,500,000,000 marks in gold has been exported; and it is certain that the export of gold must be continued if the mark is not to relapse into its old falling habits.

The change in the distribution of national wealth is the last serious factor in causing the rise in prices. One notes today an increasing number of war profiteers invading all markets. In consequence, everything goes up in price, from geese to old masters. For this new proletariat of war profiteers does not hesitate to buy what it wants regardless of price, but it is eager to get as much out of life for its paper profits as possible, to get them under cover, before the inevitable day of reckoning comes with the super-war taxes, which so far have spared incomes. Until then it is only common sense to spend your income as fast as possible, if you are a German in Germany.

## CHAPTER XIV

### FINANCIAL PHENOMENA UNDER STATE SOCIALISM

**T**HE German début of 1918 is marked by the continuance of the astonishingly increasing new stock emissions, flotations of new corporations and limited companies, which in the last quarter of 1917 broke all records even of peace-time boom years, and this despite sharpened State control to check speculation and keep new stocks out of the market in the interest of future war loans.

New securities to the grand total par value of 1,246,000,000 marks (normally \$286,580,000) were issued in 1917 and were absorbed, despite the flotation of two imperial war loans aggregating over 25,000,000,000 marks, as compared with new stock issues totalling 617,000,000 marks in 1916 (nearly double!) and surpassing also the stock flotation figures for the last peace years, which ranged from 400,000,000 to 900,000,000 marks.

New companies and corporations alone formed in 1917, with a total capital of 570,000,000 marks (at normal exchange, \$131,000,000), as against 317,000,000 marks in 1916; and the increase in the number of new corporations was relatively greater than of limited liability companies. This significant development is continuing in 1918.

Its hidden significance becomes apparent only when one bears in mind that the formation of new stock companies is today subject to State license, granted only in cases of clear interest to the State; further, that, under prevailing rigidly multi-controlled conditions, new investments in plant are absolutely out of the question unless their "war necessity" is established to the satisfaction of the authorities and recognised as such. It is impossible, under military State Socialism in Germany today, to build a single new factory, impossible to obtain either labour or steel or iron or cement for building purposes, unless such new construction, such erection of new plant, is directly or indirectly in the military interest, with, further, a high degree of war necessity.

Behind the startling increase in new com-



panies and corporations lurks the fact that, though preparing for peace, Germany is still arming for war—for a war of indeterminate, indefinite duration—more particularly preparing to take up America's challenge. In this increasing high-pressure formation of State-licensed new companies must be seen the persisting effect of the ambitious Hindenburg programme accelerated and intensified by America's entry into the war. Thus 29 new aeroplane factories were built or building in 1917 alone.

Of equal illuminative significance, though more complex, is the problem of the continued increase in the capital of already existing companies and corporations. The compulsion of obtaining a license from the State holds good today for all increasing of capital stock as well; so, too, the prohibition against investment of additional capital in a new plant, except in the direct or indirect and necessary furtherance of warfare. Despite these tight State limitations and rigid military restrictions, companies and corporations increased their capital by more than 676,000,000 marks in 1917, as against a shade less than 300,000,000 marks in 1916

and 418,000,000 marks in 1913, and this development continues in 1918.

Analysis reveals a rapidly rising curve of capital increases. Under lax and ineffective State control, 19 companies increased their capital in October, 1917; under the new order of absolute control, 20 were licensed to increase their capital in November and 44 in December. Even more significant is the fact that 83 companies and corporations increased their capital by 357,000,000 marks in the last quarter of 1917 as against 51 increases of capital aggregating only 113,000,000 marks in the first quarter. The capital increases continue to be relatively greater in the case of corporations than for limited liability companies.

This sensational increasing of corporate capital must not be mistaken for a form of inflation; in many cases it represents anything but wind and water. Stock watering and melon cutting account for the new development only in part; in part, too, it is due to, symptomatic of, the new era of fusions, the movement toward the formation of trusts and supertrusts. The Hindenburg programme, straining every resource of war-

fare to meet the (to thinking Germans) incalculable menace of America's entry into the war, is a not unimportant factor in this incessant increasing of capital; it betrays the growing, imperative need of the war industries for new working capital.

Behind all this lies the curious fact that the twin worlds of Big Business and Finance are already arming for peace—strengthening themselves against the shock of that inevitable plunge into the vortex of the reconstruction period when, for most of them, the real struggle for economic existence will only begin.

That stock watering has been practised on a vast scale in Germany must be recorded among the established war facts. The emergency prices freely offered and ungrudgingly paid by the military authorities have netted the war industries and all their connections paper profits that read like fiction, resulting in the soaring of dividends to dizzy heights or in the piling up of huge paper surpluses. Many a German company's choice collection of imperial war loans aggregates four and five times its entire capital stock, and many a wise board of directors

has resorted to the old-fashioned prescription of stock watering and melon cutting in order with a minimum of ostentation to reduce dividends and distribute or disguise swollen surpluses before tax-gathering officialdom could trim them.

Stock watering and melon cutting are reduced to the narrowest limits under the license decree. With a few notorious exceptions the authorities refuse applications to increase capital when the purpose is obviously not of benefit to the community as a whole. How effectively the practice has been checked is indicated by the fact that of a grand total of 357,000,000 marks capital increases in the last quarter of 1917 only 4,000,000 marks represented merely melon cutting.

A more significant factor is the increasing of capital stock, aggregating 107,000,000 marks in the last quarter of 1917, for fusion and absorption purposes. Thus the Dresdner Bank increased its capital by 60,000,000 marks in order to absorb the Rhenish-Westphalian Disconto Gesellschaft, and a part of the Aniline Trust's 132,600,000 marks increase of its capital stock was likewise for consummating big fusion deals. As increase

of capital for fusion purposes involves only a process of conversion and does not seduce any liquid capital from future imperial war loans, the State not only licenses freely but even encourages the process.

Under licensing State control today the bulk of increases in capital stock represents actual flotation and immediate or future need of working capital, generally with the additional injection of some water; necessity, however, being sufficiently established for the State to give its sanction and wink at the water. Increases in capital stock aggregating 246,000,000 marks in the last quarter of 1917 represent legitimate need for new working capital plus judicious dividend-depressing water.

In this category the war industries cut the principal figure, and a large part of the proceeds of their new emissions goes into extension of plant, with the approval and encouragement, perhaps even under the compulsion of the military authorities; thus the Aniline Trust's huge increase and Daimler Motor Works, with a capital increase of 24,000,000 marks. It is worth noting that these new emissions of capital stock are generally

made at par, though the current market quotation is almost invariably much higher. Here, too, military necessity or important indirect war interest of new capital being proved, the State licenses freely, though the chary attitude of the banking world places a healthy curb on too profuse new emissions.

Most interesting is the fever of capital increasing motivated not so much by present needs as by prudent preparation for the peace crisis. War industries which will have to transform themselves into peace industries are already covering their capital requirements for the transition period; so too concerns now entirely or more or less down and out, which expect to be revived by the peace dove, and all those others which confidently expect that peace will greatly swell their business. With no end of the war in sight, these are arming for peace—a typical instance of Teuton passion for preparedness. Big business reasons that after the war the demand for capital will be so universal and vast that there will be a general getting-left all around; that the early corporation bird catches the capital worm and that the psychological moment is now. Perhaps subcon-

sciously only, the feeling too exists that large holdings of imperial war loan cannot be liquidated to provide working capital when the need arises—that the market will be too swamped with war bonds when the pinch of peace is felt.

That these far-sighted concerns, such as the General Electric Company, chose the way of increasing their capital stock to provide the sinews of economic war for the transition period is partly due to the fact that, in order to conserve the money market for war loans, there is an absolute prohibition against the issuing of bonds.

In all these cases, State control—its first duty to the State, to keep unnecessary new stock issues out of the market in order to prevent diversion of liquid capital from future war loans—faces a delicate problem. Of utmost significance for coming economic developments in Germany, during the end phase of the war and into the reconstruction period, there is here noticeable a struggle between diametrically opposite forces—State control striving to keep business in a strait-jacket as long as the Empire needs funds to prosecute the war; irresistible economic forces, in-

stinct of self-preservation, driving business to seek new capital for the *post bellum* period, and being met more than halfway by the large remnant of liquid capital which shies at war loans and seeks other forms of investment.

Business will not be denied its vital demands for new capital. Here is one of the few forces in changing Germany today which appear to be stronger than State control.

The system has had the unexpected tendency of stimulating speculation in stocks, which, in the interest of future war loans, it was intended to check by keeping new stock issues out of the market. For the State license permitting the formation of new companies or the capital stock increase of old ones is interpreted by the public as equivalent to an imperial guarantee of their soundness, making them at once a favourite object with the speculative public.

Nor has drastic official control of the Bourse succeeded in suppressing speculation or prevented the legitimate flow of liquid capital into stock investments instead of war loans. State control has had one of its hardest struggles of the war in trying to master



the stock market and keep it under curb and bit. The beginning of 1918 sees the recently organised stock market twisting and straining to get free from its new official strait-jacket, which has strangled the war boom and left sobered speculation gasping and depressed temporarily.

Characteristic of Germany undergoing revolutionary war changes is that everything is in a state of flux; nothing finished, nothing that one can regard as a permanency, emerges. One transition phase merges into another; emergency measure follows emergency measure, only to prove inadequate in turn. With the control of the stock market, as with food control and all other State control of economic forces, each succeeding reform reveals the need of a new reform.

The Berlin Bourse was officially closed at the outbreak of the war, and officially it was not reopened until November, 1917. Near-sighted officialdom, never suspecting that speculation would not quietly submit to its paper death sentence for the duration of the war, had left the premises of the Stock Exchange open to members "for conference purposes." The "conferences" quickly took

the form of a wide-open, uncontrolled, unofficial "curb" market doing business at the old stand, ultimately doing a bigger volume of trading than in peace times and providing adequate machinery for an almost continuous uncritical bull movement, culminating in the mad boom year of 1917, providing also peculiar facilities for shearing the unprotected public, reminiscent of Wall Street's palmiest days.

The war boom has sent industrial stocks up from 50 to 200 per cent. Shipping stocks have risen as much as 120 points, mining stocks up to 50 points, aniline stocks over 100 points, Turkish tobacco shares over 200 points; many iron and steel stocks show increases up to 200 per cent., petroleum stocks up to 190 per cent., automobile stocks averaging up to 15 per cent., several potash stocks running up nearly 100 points, the rise in car and foundry stocks ranging from 40 to 120 points. Even quiet bank stocks show an average rise of 20 points. The few downward exceptions have mostly been "war specialties."

The volume of the trading is indicated by the fact that in Prussia the stock transfer tax

had already reached the normal peace-time figure of 1,250,000 marks last October.

Certainly never before in Germany has there been so much ready money for feeding speculation as today. Merchants whose stocks of goods have been exhausted and cannot be replenished find a welcome outlet for their idle liquid capital in speculation; war profiteers are big plungers in the stock market; the large number of insiders in a position to keep posted on the huge war profits and prospective dividend increases in the war industries have further tended to bull the market; the tremendous concentration of new capital, of paper war profits, instinctively and irresistibly seeks speculative investments. Despite all official hindrances, the stock market has reconquered its peace-time place.

The State, regarding speculation and even legitimate investment as a danger to the success of future war loans, is still striving to restrict the stock market, which it cannot suppress.

The authorities have been forced to permit the official reopening of the Stock Exchanges and have restored the peace-time system of

fixed official quotations as a protection to the public. In order to hamper the business of the Bourse and check speculation to the utmost, its working hours have been limited to two, with only one hour for making comparisons and fixing the official quotations; further, all stock transactions must be made on a basis of immediate cash payment; the official quotations are not allowed to be published in the newspapers nor circulated by banks and brokers among their clients; the official quotations are given only in strictest confidence to banks and bankers, and may not be disclosed to clients except that, on application, the quotations for the last day of the year may be made known to them as a basis for income-tax declarations.

Despite every effort to keep the public in the dark as to stock movements speculation continues to flourish like a weed. The immediate result of official Stock Exchange reform has been a sudden shrinkage in the volume of business, a pricking of the boom bubble, with all stocks seeking a lower level, a general uneasy feeling of insecurity, and a most obvious functional inadequacy of the State-shackled Stock Exchange apparatus,

---

with frantic strivings for complete freedom. The Berlin Bourse has undergone a hot-house development during the war; it has outgrown the old peace-time apparatus of fixed official quotations.

Forty-five leading stocks are today freed from this restriction and are dealt in under the flexible system of variable quotations. The Bourse wants an extension of the latter to include all stocks still subject to the uniform officially fixed quotation.

In the banking world, too, the war has brought about a revolutionary change. The giant banks of Berlin have been able to glean immense profits, to grow more and more powerful, until the "Big Three" are today the "Money Trust" in Germany and the pillars of the whole national economy. For the smaller banks, particularly in the provinces, the struggle for existence has become harder, more hopeless. Practically the sole function of German banking today is to assist in the financing of the war. The lucrative foreign exchange business is the monopoly of a few big banking concerns; the normal business in commercial paper and the extension of industrial credits has shrunk to an

almost negligible factor, since merchants with exhausted stocks liquidated and unable to buy new are in no need of raising working capital on notes, having, in fact, money and nothing else, nor are the industries, swollen with war profits, seeking short-time credits.

On the part of the banking world, too, one notes the beginning of a strong tendency to prepare for peace by increasingly striving to keep their resources liquid. Germany's bank deposits at the beginning of 1918 were more than twice as great as before the outbreak of the war. Though billions are withdrawn by depositors to be sunk in war loans, new billions pour in, and the total deposits are still increasing.

## CHAPTER XV

### IMPERIAL WAR FINANCE AND FINANCIAL STRATEGY

**I**MPERIAL financial strategy has been and still is of such deceptive simplicity and sure brilliancy as to blind most German eyes to its elements of unsoundness. To defray the running expenses of the war, the State borrows paper money from itself and the unsuspecting public on its short-time Imperial Treasury notes—imperial “I. O. U.’s”—endorsed and secured only by faith and hope in the military future and discounted by that convenient central note-issuing institution, the Reichsbank. Twice a year, in March and September, the smoothly functioning apparatus of war-loan propaganda is set in motion and war loans are floated with brilliant and inevitable success. The proceeds of the war loans are then used to take up the Imperial Treasury notes carried as “assets” by the Reichsbank.

This beautifully simple financial strategy

is called "consolidating the cost of war in long-time, regularly recurring loans," and it entails no undue strain on the money market, no breaking of the patriotic taxpayer's back. Not a German penny of taxes is paid out for war expenses other than for interest on war loans.

There is every certainty that Germany will continue this financial policy not only during 1918 but in succeeding war years—an ostrich-like policy of not looking the inevitable day of reckoning in the face. Clearly it is a living from hand to mouth on borrowed money policy, tailored to the needs of the immediate present and "let the future take care of itself"; believed equally certain, however, to prove a successful working expedient for a war of indeterminate length.

Conservatively estimated by Germans, Germany's national wealth at the outbreak of the war was 350,000,000,000 marks, approximately \$75,000,000,000, with 50,000,000,000 marks, a handsome allowance for possible overvaluation and depreciation during the war to date.

Conservatively estimated, Germany's war burden on January 1, 1918, was 100,000,000,-



000 marks, or approximately one-third of the national wealth, consisting of a funded debt of nearly 73,000,000,000 marks in war loans, a floating debt of 14,500,000,000 marks in short-time notes, interest due amounting to 2,500,000,000 marks, and some 10,000,000,000 marks in sundry liabilities, mostly war emergency bonds and notes put out by Federal states and municipalities.

The war continuing, and again conservatively estimated, Germany's funded debt should during 1918 be increased by from 25,000,000,000 to 27,000,000,000 marks, the floating debt by close to 10,000,000,000 marks; the total burden of war debt should exceed 140,000,000,000 marks by January 1, 1919, nearly one-half the national wealth.

(The Reichstag was informed March 2 that the national debt of Germany is now 124,000,000,000 marks.)

The Reichsbank will continue to discount imperial scraps of promissory note paper indefinitely. The ruling powers believe the German nation can be counted on, with the astronomical certainty of the recurring war-loan seasons, to subscribe its annual 25,000,000,000 of marks or more indefinitely. New

war-tax screws can be applied with sufficient productive pressure to insure the payment of increasing interest indefinitely. It is a German war axiom, implicitly believed, that as long as the Fatherland remains intact Germany can hold out financially—indefinitely; that conversely a decisive peace-compelling military defeat would spell immediate bankruptcy.

In practice, imperial finance strategy, though looking never so good on theoretical paper, is found to contain an ugly little joker, an element of unsoundness fully recognised by German specialists and occasionally hinted at. The cost of the war has increased more rapidly than the power of the German nation to purchase war-loan bonds. There is no limit in sight to the increasing expense of war; there is a limit clearly in sight to the amount of war loan which the German nation can and will subscribe. Accordingly, the whole cost of the war cannot be converted into a funded debt by "consolidation of war expenses in long-time, regularly recurring loans."

A large part of the war's cost can still be taken care of by consolidation twice a year

(spring and fall). But the percentage of floating war debt entailed by running war expenses which can thus be funded in war loans is steadily shrinking; the percentage of floating war debt which is unconverted and unconvertible into war loans is steadily increasing. Not only can Germany not pay the whole cost of war with the proceeds of war loans, either now or in future, but the deficit has been, still is increasing month by month, year after year—and this deficit must continue to increase for the balance of the war. This deficit in turn can only be met, as in the past, by increasingly resorting to the practice of raising funds on short-time Treasury notes or imperial I. O. U.'s, discounted by the Reichsbank.

In other words, since long-time war loans, having about reached the limit of productiveness, are increasingly insufficient to foot the fast-growing war bill, the Empire must more and more be forced to have recourse to the unsound expedient of short-time loans to finance the most pressing current war expenses. And "payment by loan is no way to choke a deficit," notoriously not by short-time notes.

That there is an increasing deficit requires no other proof than a comparison of the average cost of war with the amounts of war loans already raised. The average initial cost of the war to Germany in 1914 was approximately 1,500,000,000 marks monthly; in 1915 the then Imperial Minister of Finance, Dr. Helfferich, estimated the average cost at 2,000,000,000 marks per month, and this figure was at that time regarded as the normal cost which would hold good for the always expected short balance of the war; in 1916, reflecting the unprecedented record-breaking magnitude and intensity which fighting had assumed on all fronts, reflecting also the prodigality of the Hindenburg programme, the average cost rose close to 2,500,000,000 marks; in 1917, the full realisation of the Hindenburg programme for doubling the output of war material sent the average cost of war soaring toward 3,000,000,000 marks per month, where it should mark time throughout 1918, or, at most, advance moderately. Not bothering to count the pennies, the following suggestive comparison is possible:

	Cost of War (in Marks)
1914 .....	7,500,000,000
1915 .....	24,000,000,000
1916 .....	30,000,000,000
1917 .....	36,000,000,000
Total to January 1, 1918.....	97,500,000,000

	Raised by War Loans (in Marks)
1914 .....	4,480,000,000
1915 .....	21,270,000,000
1916 .....	21,470,000,000
1917 .....	25,750,000,000
Total to January 1, 1918.....	72,970,000,000

	Deficit (in Marks)
1914 .....	3,020,000,000
1915 .....	2,730,000,000
1916 .....	8,530,000,000
1917 .....	10,250,000,000
Total to January 1, 1918.....	24,530,000,000

The total deficit, based on normal exchange of the German mark, is \$5,641,900,000.

Of the 24,000,000,000 mark deficit due to excess war cost over war loan subscribed, approximately 14,000,000,000 marks is concealed in floating debt of short-time Treasury notes, the balance representing "war bills in auditors' hands," not yet due for payment.

That the increasing deficit is covered up in the form of short-time floating indebtedness is indicated by the sensitive barometer of the Reichsbank's "notes receivable" account. The amount of these assets shows a suggestive sharp rise at the end of each quarter immediately preceding a war loan; a somewhat less sharp decline at the end of each quarter immediately following a war loan—the synopated progress toward ultimate insolvency (if the war lasts long enough) being something like "three steps forward and two steps backward," as marked by the following rag-time table of Reichsbank finance, which also suggests—worthy of study—the connection between imperial I. O. U.'s and war-loan and note circulation and deposits:

In Billions of Marks	Imperial Treasury Notes and Other Notes Receivable	Reichsbank Notes in Circulation	Deposits
1914			
June 30.....	1,213	2,407	858
July 31.....	2,081	2,909	1,258
September 30.....	4,756	4,491	2,251
December 31.....	3,937	5,046	1,757
1915			
March 31.....	6,860	5,624	4,037
June 30.....	4,918	5,840	1,799
September 30.....	7,471	6,158	4,416
December 31.....	5,803	6,918	2,359

In Billions of Marks	Imperial Treasury Notes and Other Notes Receivable	Reichsbank Notes in Circulation	Deposits
1916			
March 31.....	8,113	6,988	4,358
June 30.....	6,610	7,241	2,371
September 30.....	10,759	7,370	6,266
December 31.....	9,610	8,055	4,564
1917			
March 31.....	13,597	8,616	8,405
June 30.....	10,962	8,699	5,693
September 30.....	15,638	10,203	9,541
December 31.....	14,526	11,468	8,150

Of the Reichsbank's more than 14,000,000,-000 marks in "notes receivable" on January 1, 1918, the bulk represents discounted Imperial Treasury notes; a very small part represents indirect financing of the war by discounting the notes of Federal states and municipalities. Of the more than 11,000,-000,000 marks of Reichsbank notes in circulation, at least one-half has flowed into the conquered territories, to Neutralia and Germany's poor allied relations. The problem of gold cover for note circulation is solved by pointing out to the public that the Bank of France and the Bolshevik Bank of Russia are "infinitely worse off."

All the persistent propaganda for "carry-

ing your gold to the Reichsbank," the fervent appeals to "Give gold for iron" in order to be able to hand down an impressive signed Certificate of Patriotism with a world-war souvenir thrown in to your grandchildren, all the offering up of gold watch chains, rings, bracelets, manicure sets and plate on the altar of the Fatherland, all the self-sacrificing patriotism and loyalty of the German people which never fails to respond when called on, has barely enabled the Reichsbank to maintain its gold position.

The Reichsbank had in its vaults on January 1, 1918, 2,400,000,000 marks in gold, twice as much as at the outbreak of the war. Germany's golden war chest of 205,000,000,000 marks and the rapid withdrawal of gold from circulation increased the Reichsbank's stock of gold from 1,200,000,000 marks at the outbreak of the war to 2,000,000,000 marks at the end of 1914, a further patriotic gold drive carrying it beyond the 2,300,000,000 mark by the middle of 1915.

From then on, however, the flow of gold from patriotic pockets and all other sources, including the melting down of gold articles, has just about kept pace with the inevitable



drain of gold to neutral countries. More than 1,150,000,000 marks in gold have been shipped abroad to bolster up Germany's credit and that of her financially weaker allies; while for the last three years the Reichsbank's gold reserve has hovered around the present figure, showing no material upward or downward movement. The significance lies in its marking time while the increasing circulation of Reichsbank notes goes merrily marching on, increasingly denuded of gold covering. Nor can the Reichsbank expect any appreciable accessions to its gold hoard in 1918 or the balance of the war. The fine-tooth comb of propaganda and patriotism, again and again run through the German people, has missed few coins; the bullion value of unpatriotic gold toothpicks, watch chains and other paraphernalia, still in use or in hiding, is negligible. The German people have given up virtually their last ounce of gold to the Fatherland; nearly half a billion in gold flowed into the coffers of the Reichsbank during 1917, but the stream was fast drying up toward the end, and in 1918 should be little more than a trickling of gold.

Thoughtful Germans harbour no delusions about the staggering monetary and financial problems being heaped up for the vaguely distant peace-time solution under the present *dolce far niente* policy, which yet with typical Teuton tenacity will be clung to for the balance of the war. By continuing the war with loan piled on loan and decent covering up of deficit, Germany is going into voluntary bankruptcy, with the grand liquidation postponed until the reconstruction period.

The one speedy, radical cure for imperial war finances—admission of defeat, capitulation, and acceptance of America's generous terms—has occurred to no normal German; the only other, at least partial, remedy—imitation of Great Britain's example, part payment of running war expenses out of war taxes—has occurred to many German specialists, is admittedly the logical thing to do, looking at the case only from the financial and economic viewpoint. But there is also the human point of view.

No financial strategist dares even to try this risky, radical remedy on a people already reeling under a superburden of food and other war hardships. Though it might effect

a partial cure, it would almost certainly kill. There is a very real and reasonable fear that superwar taxes sufficient to pay any appreciable part of the current cost of the war would prove the last straw to break the German people's back.

It is fully realised in Germany that the phenomena of inflation and rising prices could at least be mitigated by a revolutionary tax reform during the war; that the Reichsbank note presses could be slowed down if incomes were ruthlessly war-taxed; that turning the thumbscrew of tried old and ingeniously new war taxes until the nation winced would nevertheless have the salutary effect of screwing down not only paper circulation and prices but the floating and funded war debt. Against these certain benefits is the unanswerable militarily significant argument that the German people might crack were excessive taxation strain added to food pressure and nervous tension.

There is, too, the further valid argument that under the Federal Constitution the income tax is the exclusive prerogative of the several Federal states; it constitutes the main source of revenue, the backbone of their war

budgets; and particularism is jealously guarding this profitable prerogative. Psychologically and constitutionally motivated, imperial policy of taxing capital in first line (particularly swollen war profits), of sparing incomes and eking out imperial revenue with indirect taxes, must be continued for the balance of the war as in the past.

In the opinion of specialists, war taxation of the masses of the German people has already approached the limit of the bearable under prevailing war conditions. The increased imperial war taxes will net 5,000,000,000 marks in 1918, including the sliding scale tax on war profits, running close to a 50 per cent. maximum, increased tax on cigarettes, coal tax and tax on transportation (freight and passenger) as principal items. All of the 5,000,000,000 marks thus raisable will be needed to pay the interest on war loans and floating war debt, particularly as there is a heavy drop in the yield of the normal peace-time taxes. Nor are incomes being overlooked by the Federal states, which are milking incomes to the tune of at least 2,000,000,000 marks more for 1918 than in 1917.

Unless imperial finance strategy can overcome its constitutional and psychological scruples against an imperial war income tax, there is no surplus war money to be squeezed out of the German people either for part payment of primary war costs or for amortisation of the funded war debt. The policy must continue to be piling war loan on war loan, expedient on expedient, deficit on deficit, and trying to keep up appearances of sound business, brilliant financial jugglery and sleight-of-hand work combined.

To achieve this feat in the past, the strategic dispositions have been scientific and masterful. All Germany has been dazzled by the "phenomenal success" of the first seven war loans; most all Germans are as confident that the next seven will be an equal or greater success as they are confident that Germany cannot be beaten by military means.

Fashions in German war loans never change; you might say that they raise themselves automatically, once the complicated machinery is set in motion, and they all show an astonishing family resemblance as to size and make-up. All war industries, all legitimate war profiteers who hope to make further

profits out of military orders subscribe the same amount loan after loan, or else a shade better; so that today there are many concerns in Germany whose holding of war-loan bonds exceeds their entire capital stock, war-loan holdings in some cases being six times greater than their capitalisation. In rare instances only do war-loan subscriptions of war profiteers show a declining tendency. The amount subscribed to the last loan is tacitly considered a fixed assessment to be subscribed to the next.

There is no doubt that Krupp will continue subscribing 40,000,000 marks to every war loan for the balance of the war, and that the smaller fellows will toe the mark with their quota.

Nor are the corporations and enterprises indirectly profiting out of the war overlooked. All these too have their tacit assessment for future war loans, to be equalled or beaten. Insurance companies, savings banks, all reservoirs and accumulators of capital, liquid or easily convertible into war loans, are morally bound and officially stimulated to keep up the subscription pace set during past war loans. Mutual benefit and other

benevolent associations, unions, leagues and what not, every organisation likely to have reserves in the cash drawer is down on the list for a fat assessment.

For the spring and fall war-loan offensives capital is mobilised with the ruthless inevitability of a military mobilisation. The complicated war-loan machinery, with its tens of thousands of volunteer workers and empire-wide propaganda, is so highly specialised that it even has specially printed forms of patriotic appeal for tapping the small savings of servant girls, and another circular letter form of appeal to housewives and mistresses to see to it that their servant girls patriotically subscribe to the war loan.

This complicated machinery functions as perfectly as the military machine and can be counted on to raise war loans to the limit of the humanly possible. It is probable that on the basis of the experience and statistical material gathered in floating past loans the imperial finance experts can estimate the yield of each new war loan to within a billion marks before it is even launched.

Subscriptions to successive war loans tend to maintain their level, but under propaganda

pressure and intensive official stimulation frequently show a marked increase from loan to loan. Thus Germany's savings banks subscribed to the amount of 4,800,000,000 marks in 1915, 5,300,000,000 marks in 1916, and 6,400,000,000 marks in 1917. Wealthy individuals and corporate war profiteers, on the other hand, show the very general tendency to stick to a fixed figure in subscribing to successive war loans. A partial limit has here been reached; and successive war loans can be boosted over the previous record figure only by drawing a greater percentage out of the pockets of the public.

The capital requirements of the Federal states, of municipalities, of corporations and private individuals are forced to keep in the background, permitted to snap up such crumbs of capital as are left over after each successive war-loan flotation. On the same principle everything possible has been tried to check stock speculation and the emission of new stocks and to discourage capital from wandering into other channels of investment than war loans.

The practice of paying current war expenses with the proceeds of Imperial Treas-



ury notes discounted by the Reichstag acts as a shock absorber, preventing excessive strain on the money market during spring and fall flotation, permitting the Reichsbank to maintain unchanged its official rate of interest at 5 per cent.; the elasticity of the German money market even under abnormal war conditions is felt in the increasing rate at which war-loan subscriptions are paid in. The banks of Germany do not subscribe war loans liberally on their own account. Their function is considered to lie in indirectly helping to absorb the huge loan by advances to the public for the purpose of subscribing war loans. The beginning of 1918 sees a marked tendency on the part of the banks to keep an increasing proportion of their resources liquid.

The complicated suction-pump apparatus can, barring a military breakdown, continue extracting normal war loans out of the German nation indefinitely; and the past success justifying future confidence is interpreted by Germans as proof of the tremendous economic vitality of the German people. There is, too, a widely held popular fallacy that imperial finance is sound "because the money remains in the country."

## CHAPTER XVI

### PEACE PREPAREDNESS

“**I**N time of war prepare for peace” is a motto which in Germany today is being lived up to with typical Teuton thoroughness. With not a ray of peace on the western horizon and the ominous American thunder-cloud only beginning to roll up, big with battle lightning, Germany is nevertheless methodically, painstakingly planning to get the economic jump on her enemies at the drop of the peace barrier, enlisting some of the best brains of the nation in the seemingly premature task of working out minutely detailed plans of war demobilisation and peace mobilisation, laying down the broad lines of economic strategy for the war after the war and the reconstruction—all for the purpose of being first in the field of peace, as Germany was first in the field of war. The German war-god is doubled-faced, like his old Roman colleague, Janus.

Germany has accordingly entered a unique

transition phase—"Between war and peace"; with Germania fast becoming a curious amphibian, adapted to flourishing in either element. There is no let-up in preparedness for a war of indefinite length in the west; but the certainty of peace in the east, formal or *de facto*, has brought home to Germany the real or imagined necessity of speedy peace preparedness, and not the State alone but big business and finance are concerting measures accordingly.

German peace preparedness, not due to but merely accelerated by "Peace with Russia," dates back almost to the beginning of the war, indubitable symptoms of unconscious or vaguely conscious preparation for peace first appearing in the early months of 1915. In the spring of 1915 the problem of military demobilisation was already seriously engaging the attention of the Substitute Great General Staff in Berlin, under General von Moltke's guidance. Vague and uncorrelated peace preparedness took on organic form in the fall of 1916 with the appointment of an Imperial Commissioner for "*Uebergangswirtschaft*" and the organisation of an elaborate department for Transition Period Economics,

including confiscation of the Lindenhof on Unter den Linden and other hotels for office purposes, buying of the inevitable "club chairs" much ridiculed by harsh German critics of German war organisations, hiring of cohorts of women clerks and stenographers and the drafting of a big staff of economic specialists; the whole outfit being bodily absorbed, in the fall of 1917, by the then newly-created Imperial Economics Ministry, headed by Secretary of State Baron von Stein, sometime Under-Secretary of the Ministry of the Interior and regarded as one of Germany's greatest extant war organisers.

The state of peace with Russia, however, radically changed the problem of peace preparedness, splitting it into immediate, earliest and fullest exploitation of Russia in first line as a war measure, and a more gradual preparedness for ultimate armistice and peace in the west and the economic life and death struggle after the war. Here Germany is already at work laying down the broad lines, the working principles of strategy for meeting the intimately interconnected problems of military demobilisation (including demobilisation of war material) and rail-

---

road transportation; imports, particularly of foodstuffs and raw materials, and its keystone problem of peace-time tonnage; the control of mark exchange, imports and exports; the distribution of imports; the demobilisation of the "home army"; the transformation of war industries into peace industries, and the financing of the transition period. These are the major problems of peace preparedness; of minor problems merely worth noting are the regeneration of ruined peace industries and ruined existences and more particularly the uplifting of the all but insolvent middle classes.

The plans for military demobilisation have already been worked out on broad lines and in considerable fulness of detail. If the war ends, as the highest leadership confidently prognosticates, with "ultimate victory" in the sophistical sense of no decisive peace-compelling military defeat, there is to be no wild stampede from the front. Demobilisation is to proceed clockworklike as mobilisation at war's outbreak, only at an infinitely slower tempo and on a little more extensive scale than the present granting of furloughs. "Military interest first" is to be the guid-

ing principle, with economic considerations a close second and humanitarian considerations third in line.

“Military interest” is to keep the young flower of the army under arms until the very last. The survivors of the youngest classes are to form the trained nucleus of the new peace-time standing army. One million new field grey peace-time uniforms are already salted away in the military depots of Germany—the models of the new peace-time military fashions in Germany approved by the Kaiser as far back as 1915!

There is to be no tidal wave of unemployment engulfing the Fatherland after the hypothetical signing of peace. Full war pay is to be continued for three months after peace, and no jobless soldiers are to be demobilised. The prerequisite to release is proof of profitable employment waiting at home.

When not conflicting with “military interest,” demobilisation is to be in first line by “economic classes,” with productive labour having the first call, the class lines being scientifically drawn according to the dictates of the relative economic necessity at home. The first class to be demobilised is to include the

---

hardy peasantry, agrarians and agricultural labourers and, in general, all other food producers, further such other specialised man power as may be most urgently needed at home at the time, including in the first line railway workers, labour for the coal, iron ore and potash mines, and skilled mechanics. Other skilled and unskilled labour is to follow, according to the degree of economic necessity, with the idle rich and the idle poor forming the rearguard. Demobilisation for the first six months, at least, is to be practically a large-scale continuation of the present war-system of "reclamations" or exemptions.

When not conflicting with "military interest," humanitarian considerations are to be blended with the cold economic point of view in all cases where no marked loss in economic efficiency results. Demobilisation is to take place not only by economic classes, but synchronously by "bread-winner" classes, age classes and length of war service classes. Whenever no military or economic disadvantage results to the Fatherland, fathers of families are in general to be the first to go home. A wife automatically puts a man in

the preferred class, and the larger the incidental flock of children, the quicker the home transportation of father.

So, too, a preferred position in the grand demobilisation is assured to the sole support of aged parents or widowed mothers, as also to surviving members of families which have suffered heavily in killed and wounded. The "last son" can count with certainty on early return transportation. All other things being equal, the married man will find himself in a preferred demobilisation class as against the bachelor, since stimulation of the legitimate birth rate is of vital military and economic interest to the Fatherland. Even the finance class will have home-going precedence over the marital slackers.

Demobilisation is also to be by age classes, the Landsturm, whose legal service terminates with the war, going first, and for the Landsturm, as for all others, age plus length of war service will be an important factor in determining the order of their release.

The demobilisation of the vast quantities of war material at and behind the fronts is similarly to be guided by military interest and



---

economic considerations. With no peace yet in sight, it has already even been decided what to do with the surviving army horses, if any. The military authorities have decreed that on the dissolution of the war forces, military horses, which still have a kick left in them, are to be auctioned off by the several disbanding troop formations, professional horse dealers to be barred from these auctions, at which small agrarians and tradesmen are to constitute a preferred bidder class.

Preference in the sale of army horses is further to be shown to relatives of soldiers who have fallen in the war, and applications for permission to bid are already being received by the communal authorities for consideration. They are even issuing horse cards to worthy applicants, entitling the holder to be a preferred bidder at these post-bellum horse auctions.

Peace tonnage and the importation of food-stuffs and raw materials are considered by thinking Germans the most vital peace preparedness problem; the German postulate for its solution being that peace among other confidently expected blessings must inevitably bring with it freedom of the seas and access to

the markets of the world—peace on any other terms being still unthinkable to the one-track German mind.

There is too a widely prevalent belief that the German ships borrowed by America will be returned in good condition with thanks, and maybe rental and interest thrown in. The serious far-sighted solution of the shipping problem, however, is that while merrily continuing to diminish the enemy and neutral tonnage of the world, Germany is building, and has long been building, peace tonnage, both in Germany and by neutral proxy; and Germany accordingly calculates confidently on emerging from the war in the most favourable tonnage position of all belligerents and most neutrals—with her peace shipping “park” almost intact.

Though official co-operation and stimulation are of comparatively recent date, peace tonnage preparedness dates back to the outbreak of the war, which caused no cessation of merchant shipbuilding. In April, 1915, on a cruise up the Elbe from Hamburg, the writer saw shipyards still active with peace tonnage building, while at Lübeck small freighters were noted on the ways; and in

1916, on the occasion of going down the Weser from Bremen to meet *U-Deutschland* after her first return journey, I remarked shipyards busy with preparation for both war and peace.

The Hamburg-American Line's 50,000-ton sister ship of the *Vaterland*, the *Bismarck*, has been completed, and the Hamburg-American Line is credited with having at least one other giant and a flock of twoscore-odd medium and small-calibred ships built and building. The North German Lloyd has completed a 35,000-ton express steamer, christened *Hindenburg*, and is pushing work on an ambitious building programme. Estimates of German peace shipping completed during the war or laid down up to 1918 range from 500,000 to 800,000 tons.

The ambitious building programme is to replace all German ships lost, strayed or borrowed, ton for ton, in shortest time possible. Nor is neutral aid being scorned by Germany. In letting Denmark have shipbuilding material Germany gets not only compensation but additional peace tonnage, having at least a contingent interest in the new ships built of German material in Danish

shipyards, when they are not actually built for German account.

To be taken somewhat less seriously, though by no means a negligible factor, is the fact that Germany has taken to building ships of reinforced concrete. Several of these novelties, said to be as yet only motor driven freighters of moderate tonnage, have been launched and experimentally tried out. A number of new shipbuilding concerns have been organised to exploit the possibilities of reinforced concrete, and a live propaganda, inevitable in Germany, is preparing the way for at least experimental concrete ocean liners.

More seriously, as indicating the trend of the times toward peace tonnage building, is the fact that several new shipyards have been erected in Germany for turning out old-fashioned shipping. The tremendous boom in all shipping stocks reflects not only faith in the future but the very substantial subsidies for the regeneration of German shipping, not only relieving the shipping interests from their heavy war losses but guaranteeing them a handsome profit.

Official Germany and the shipping interests regard the peace tonnage problem as

satisfactorily solved, as far as humanly possible; yet it is fully realised that there will be a mad scramble for tonnage after the war and that Germany, too, though it emerge never so favourably with new ships built and building, will suffer under the world tonnage shortage. How to employ the expected available tonnage to the best economic advantage is the central problem of Germany's peace preparedness. It is already admitted with the utmost frankness that Germany is not only already hungry but will be ravenous for imported foodstuffs and raw materials after the war, while tonnage shortage and mark exchange will necessarily limit the gratification of this huge transition-period appetite.

No brainpower is being wasted on the possibility that the markets of the world may not be freely opened to Germany. Some Germans still cherish the fond hope that Germany will receive an indemnity from the Allies and America in the form of raw materials and semi-finished products, but these must be classed with the super-chronic optimists. Less hopeful citizens are flirting with the idea that the enemies of today, and particularly America, will be willing to make Ger-

many a handsome compensation trade loan, similar to the loans negotiated with nearby neutrals, in order to settle the unfavourable compensation trade balance and buoy up mark exchange. A more seriously and widely held opinion is that all importation of foodstuffs and raw materials from present-day enemies, particularly all overseas imports, must for a long while after the war take the form of compensation trade agreements.

The organisation of the new Imperial Economics Ministry, assisted by a mammoth advisory council and committees of experts which include representatives of all trades and industries, of labour, big business and high finance, confirms, if further proof were needed, that State Socialism with all its benefits and obvious evils will be carried into the transition period, with State control made even more rigid, if it were possible, than as practised in the 1918 phase of the war. Indeed German business, industry and finance, almost completely under the iron thumb of State control today, already scent the continued, perhaps complete loss of its independence after the war. With no real peace in sight the struggle between State Socialism

and individualism for the balance of power in the transition period is on today; and all the indications are that State Socialism, impreg- nably entrenched behind war organisations and economic war measures and tenaciously defending its fat jobs and remunerative sources of revenue, will triumph.

In its broad lines, economic peace prepared- ness strategy is to be the continuation of 1918 economic strategy, with probably a more ex- tensive employment of private enterprise, legitimate commerce and trade than under present war conditions, though only under ab- solute State control—legitimate commerce and trade certain to be reduced to the rôle of sub- sidiary agents of State Socialism far into the transition period.

State-controlled imports of foodstuffs are to be rationed, as at present. Imported raw materials, too, are to be State controlled and rationed, the State deciding what foodstuffs and raw materials are needed most and fixing the quantities to be imported.

It is already planned to give hard-hit peace industries preference in the distribution of raw materials, with individuals and industries that have profited hugely by the war forced to

suffering corresponding restrictions in the transition period. In the rationing of raw materials, too, those industries producing necessities of life and goods of high export value will be favoured first. State control in this field will be continued not only because of tonnage shortage and the delicate state of mark exchange's health, but in order to postpone as long as possible the price-raising competition of uncontrolled German importers in the markets of the world.

A cue to the economic future is afforded by the State's decision to monopolise the importation of the expected grain from Russia through a "grain importing syndicate," in which the State and the leading members of the grain trade will be equal partners, except that the State speaks the decisive word in all important questions of business policy. While pondering the astounding fact of Germany's elaborate and cocksure preparations for peace with none in sight, it is worth bearing in mind that even thinking Germans in large numbers believe that the enemy world will be eager to do business with Germany at the earliest possible peace moment, and that reputedly shrewd personages like the



ex-Vice Chancellor, Dr. Helfferich, express strong scepticism about the probability of a commercial economic war after the war. In other words, the master minds of German peace preparedness harbour no doubts about Germany's ability to get the goods; the complex problem as seen at the beginning of 1918 is what most needed foodstuffs and raw materials to get first in maximum quantities and at lowest cost.

The sharp State control of exports too is to be continued in the transition period after the 1918 model, since exports must pay for imports. Germany does, however, expect to have an easier task in buying than in selling goods; though it largely discounts the possibility of a deep-rooted permanent prejudice against the "made in Germany" trademark. The bugbear of Germany's tough export problem after the war, as seen through German eyes, is the fact that her present enemies too have reached a high pitch of industrialisation during the war and by the inevitable conversion of war industries into peace industries will be more than able to flood their home market, to the exclusion of German goods. Russia is consequently already being looked

upon as the predestined saviour of Germany's export trade.

Despite the manifest evils of converting commerce and business into a bureaucratic State machine and continuing to run it as such even in peace time, the economic and financial problems of the transition period are already regarded as so grave, hardly less than the problems of the last war phase, that the highest interests of the State are held to justify the continuance of State Socialism into the reconstruction—indefinitely. The champions of individualism appear to be rallying in vain with their slogan, "Right of way for commerce and industry after the war."

Less clearly defined, not yet definitely settled, is the strategy of financial peace preparedness; though it is certain that all present forms of State control will be continued into the transition period indefinitely, including licensing, State control of new companies formed and capital increases and stringent State control of the stock exchanges, as well as of the money market.

One interesting peace measure, already decided on, is the formation of a powerful financial syndicate backed by the State for the pur-

pose of artificially holding up the price of war-loan bonds. That the coming of peace will develop a hunger for liquid capital as for raw material, and that holders of war-loan bonds will dump them on the market regardless of price and in volume capable of causing a catastrophal break, is a contingency thus already provided against. In addition to the powerful "absorbing syndicate," the Imperial Loan Banks are to be continued in operation in the transition period to enable war bond holders to raise liquid capital rather than throw their holdings on the market.

Ominously mysterious is the peace preparation for raising increased imperial revenues. For more than a year work has been in progress on a grand finance reform, and the ominous feature is that, still unfinished, it necessitates the closest co-operation between the Imperial Ministries of Finance and Economics. A talkative Bavarian Minister of Finance has let the cat partially out of the bag by hinting at a greater extension of State control over heretofore private enterprise after the war. There can be no doubt that Germany is on the road to State monopolies, bent, in part at

least, on turning its war monopolies into peace monopolies. Already there are symptoms that the dove of peace will give birth to a sugar monopoly in Germany, possibly also to an alcohol monopoly.

With or without official sanction and co-operation, business, industry and finance are preparing for the peace revolution. The feverish fusions, syndicate organisings, new company flotations, capital increasings, nearly all have one eye on the coming of peace. The giant banks of the Money Trust have had a particularly keen sense of smell for the Russian peace. In fact, "Eastward, Ho!" is the principal slogan of private peace preparedness. The giant banks have extended their branches into the hitherto neglected eastern field of Germany, right up to the Russian border, in some cases actually into the conquered eastern territories; and big business and industry appear to be enthusiastically swimming with the eastward stream—toward that potentially golden Russian market.

Private peace preparation is most markedly noted in the war industries, which have radically altered their war policy and today are conserving paper profits, raising and salting

away new capital for the painful metamorphosis into peace industries; not without most serious misgivings. Thus the automobile industry is admittedly worried about the future—its export market, which absorbed 40 per cent. of the peace-time production, gone indefinitely, the home market quite unable to absorb its production exorbitantly increased by military demands. The principal peace problem of the war industries—the loss of customers who took the entire war production at top prices with prompt and sure payment—is still unsolved.

A significant feature of peace preparedness is the astounding number of new organisations, associations, unions, leagues and what not springing up like mushrooms throughout Germany—instinctive preparation for the existence struggle of the transition period. There is a Protective Association of German Creditors of Enemy Countries, a Corporation for the Promotion of German Foreign Trade, recently organised in Hamburg with a capital of 20,000,000 marks, participated in by superbanks, shipping companies and industrial enterprises, banded together to reconquer the lost world market. There are a thousand

others of every kind and description for every conceivable purpose.

Most significant, there are now unions and associations of employers, running into the hundreds, aimed directly against labour. And labour too is preparing for peace—arming and organising for the economic war of the reconstruction.

## **PART II: WAR SOCIOLOGY**





## PART II: WAR SOCIOLOGY

### CHAPTER XVII

#### DEGENERATION

**W**HILE the radical reorganisation of Germany, its transformation from peace to war economy (from *Friedenswirtschaft* to *Kriegswirtschaft*, as the Germans say), is virtually completed, with the future development of the fighting State likely to proceed for the balance of the war on the fixed lines already laid down, the process of change continues with increasing rapidity throughout the whole tissue of society; Germany even under the new form of Socialism conditioned by unlimited military necessity being no rigid war machine but a living, fighting organism.

All Germany, human and material, plant and people, is continuously changing for better and for worse—change and decay, for the worse, being on the whole more rapid, more

startlingly obvious than the constructive change taking place.

War degeneration, no longer of mere symptomatic significance but diagnosed as a chronic war disease, causing grave headshakings among German specialists and thinking Germans generally, is eating cancerlike into the tissues of society, still sound at the core, and has already assumed such forms as these:

Rapidly increasing crime and criminality.

Increasing graft and minor sins against society.

Progressive deterioration of the youth of the country.

Increasing suicide habit.

Precipitous fall of the birth rate and somewhat slower rise of the death rate.

Lowering of the legal bars of social welfare standards.

General though less marked physical and moral deterioration.

Increasing social unrest and nervous irritability of the masses.

Comparing 1918 with 1914, one can speak unexaggeratingly of a tidal wave of lawlessness sweeping over this most law-abiding of peace-time peoples; the change for the worse being startling only in comparison with the

high peace-time standards, and as yet of no immediate military importance—not yet a factor of possible peace-compelling decisiveness. It is worth noting that criminality in Germany tends to increase with food and economic pressure (affording a useful barometer for gauging both), and that the crime curve, rising very gradually, almost imperceptibly in the early years of the war, has risen more sharply since America's entry; also that the bulk of war criminality and minor law-breaking today is motivated by food.

This is an era of overworked courts, public prosecutors and police in Germany. The figures of punishments and penalties meted out are characterised as "astounding"; still more prodigious the rapidly increasing number of cases of all kinds pending. In Prussia alone, during the last year, more than 400,000 cases involving violations of food ordinances only were tried before state and municipal courts, with nearly 164,000 convictions; while little Saxony, during the last food year, produced a crop of more than 14,200 convicted food sinners.

The very evident moral attrition caused by the war, the increasing criminality and fast

vanishing respect for the letter of the law, is not only working up from the bottom of society but actually spreading down from the top—a bad example to an otherwise amply predisposed public being set by official malefactors who, under the mask of military or economic necessity, not infrequently ride roughshod over the paragraphs of the law. Says an anonymous German commentator:

“One of the vilest consequences manifesting itself as a result of the struggle between war socialism and individualism is the disappearing respect for law and right, at first not so much among the great masses of the people as on the part of the innumerable authorities and war organisations. ‘The end justifies the means’ is all too often their motto, and the excuse of the war justifies in their eyes much for which there is no legal ground, this particularly in the fertile field of food control.

“The phenomenon has even been noted that authorities themselves have not kept the letter of official food ordinances but calmly ignored them.”

The increasing volume of war food criminality and minor forgivable sinning is not a little due too to the mass of often conflicting war ordinances running into the thousands, too much for paid lawyers and judges

to digest, let alone policemen and common people. But instinct of self-preservation under ruthless food and economic pressure still remains the principal reason for vanishing respect of law.

More serious, perhaps still merely symptomatic yet opening up a perspective of progressive degeneration as the war continues, is the increase in war crimes of violence, often due to hunger, mostly bred by abnormal war conditions. The Secret Field Police swarming the conquered territories is recruited from Berlin's peace-time detective force and the sleuths of other large German cities. Many of the ablest police and detective chiefs have been drafted to posts in the military governments. Police forces throughout Germany have been cut down to the limit. The surviving police are fully occupied with mere trying to enforce a thousand food and other war ordinances—their normal job of rooting out criminals fallen almost entirely into desuetude.

Thus there is a wide-open field of profitable activity for veteran criminals; a standing inducement to the potential criminal to enter the many lucrative war branches of the pro-

fession; an increase in professional and semi-professional murders, murderous assaults, highway robberies, burglaries, larcenies and picking of pockets.

Malefactors of all stripes for the first time in modern German criminal history are enjoying something like real liberty, and exploiting to the full their new war-time privileges; increasing too is the amount of amateur crime, particularly among the youthful. Germany's potential criminal reserves, at least, seem to be inexhaustible for the balance of the war and far into the transition period.

The actual percentage of criminals is still small; the significant fact is rather the rate of increase in a Germany where crime suppression was once an exact science and a ruthlessly applied art. Compared with peace times, the number of star murder cases is large; still larger the number of cases not permitted to see the light of print. These, hushed up by the authorities, leaking out and circulating as gossip, include almost the whole category of crimes committed by military deserters or by soldiers on furlough, more particularly the domestic war tragedies with soldiers or officers as protagonists—the

military "brainstorms"; military suicides; murders of discovered or suspected "war wives."

Here no vital statistics are available; but rumour and report, which are not always fallacious barometers of tendencies, breed an increasing number of cases. The wear and tear of war, the moral attrition, is recording itself in unmistakable terms of crime; and though the curve of criminality cannot be plotted with even approximate accuracy, its onward and upward tendency is not to be doubted.

The following typical examples of many similar cases which would make no startling reading in any other than a country where, in peace time, slums and east sides, gangsters and standing army of criminals were virtually non-existent, are offered.

An aged widow living near Berlin was murdered by four youths aged 15, 15, 20 and 20, their loot including, in addition to the rubber tire and tube of a bicycle wheel (rubber having an exorbitant war value), a pocketbook and a rosary—"three and a half ounces of sausage and five ounces of pickled sea-mussel 'meat'!"—murder in part for not

quite nine ounces of food being very near a record, even for war-time Germany. More routine murder stories afford quite frequent reading in the metropolitan German press.

Or to turn from murders, consider this newest fashion in war highway robberies: An organised cattle robber band, operating from Cologne, not only terrorised but profitably plundered agriculturalists of the surrounding countryside. Their specialty was to break into barns and cattle sheds, kidnap pigs, cows, oxen and calves and slaughter them at night in the open field, smuggling their booty into Cologne in baskets, until one Rhenish peasant, bolder than the rest, followed the cattle thieves with his farmhands. A revolver battle on the outskirts of Cologne ensued, mounted police reserves arriving from Cologne in time to snatch victory from the organised robber band, whose size is indicated by the fact that its "ten ringleaders received ten years in jail, the others five years." Nor is this an isolated case. Organised robber bands are roaming about Germany.

The battle of Cologne between gendarmes and cattle thieves is indicative too of the fact that the spell of the German "cop"



has been broken. Berlin could boast two such duellos in one night: A "revolver battle over a ton of tobacco" between two thieves, caught while depositing the loot in a vacant lot, and watchful policemen, with, however, no blood shed; the same night, a less fortunate Berlin "cop" laid out by the shot of a burglar.

An anonymous Berlin observer says: "The burglars outdo one another in freshness—and sharpshooting. They are no longer merely night and day workers. At night, to be sure, they are favoured by the thorough-going 'coal saving' darkness of the streets; while by day the police, shrunken in numbers, have so many other things to do that they really can't keep a close lookout. In short, the craft of scoundrelism flourishes everywhere like a weed."

Another German sociologist says:

"One must not be blind to the fact that thieving, which, as it is, is taking on astounding proportions, is further abetted by the lighting restrictions."

Such a sure and profitable business has burglary become that it is being worked in a modern business way by virtual burglary

companies—mutual benefit organisations. A recently convicted burglary concern in Berlin consisted of 11 partners, 3 in charge of the operating, 8 to look after the merchandising and financial side of the business. The “president” of the enterprising company was described as “always appearing in fashionable clothes, with the iron cross of the first class on his breast.”

There is a big field here to be worked, particularly in view of the large number of untenanted furnished apartments, their owners being at the front.

Bank burglars, professional and amateur, find it profitable to rob official premises where negotiable food cards, particularly bread cards, are to be had. Continuous and numerous are the lootings of such municipal premises. Typical of many similar cases was the robbery of Bread Card Commission No. 304 in Berlin, where the bag included “2,000 sheets of travellers’ bread coupons, 300 bread cards, 300 edible fat cards, 300 potato cards, 100 imperial meat cards, and 100 egg cards.”

As bread cards fetch a standard retail price of five marks (say \$1, allowing for

some depreciation of German paper money) while meat and fat cards are eagerly collected by connoisseurs at fancy prices, the profit of food-card stealing is obvious. A whole month's supply of imperial meat cards for Greater Berlin and suburbs was recently stolen.

The very printing, the counting and checking up, the transportation and distribution of food cards must take place under the same sharp supervision as in the case of the printing and putting out of bank notes.

In Berlin, for the sake of safety, the bread cards are taken from the printers to the Bread Card Commissions in military wagons, driven by uniformed soldiers and escorted by an armed military guard. Even this safeguard is not always effective against "highway robbery" of bread-card transports, as indicated by one humorous case. A bread-card wagon, driven and guarded by uniformed soldiers, was stopped by an enterprising bread-card thief wearing the uniform of a non-commissioned officer; ordered the wagon driven to another address and was implicitly obeyed; ordered the wagon unloaded by the soldiers at the fake destina-

tion, perfect Teuton discipline obeying unquestioningly; dismissed the empty wagon and armed military escort, while waiting confederates quickly put the stolen bread cards into circulation through the mysterious channels of the "underground traffic."

The number of crooks and confidence men operating in field-grey officers' uniforms, less frequently as non-com's or privates, real or fake—but almost invariably adorned with the iron cross—increases.

Train robbery on a modest scale has made its appearance. Specialists are occasionally caught systematically working so-called D-trains or long-distance expresses; in Berlin, train thieves have found it profitable to get the business at the source, requiring no more capital than a ten-pfennig piece invested in a platform ticket, which enables the operator to go through the express before it starts and pick up any valuables lying around loose while German travellers are kissing good-bye.

Pocket picking is epidemic in Berlin; a German observer speaks of the "pest of crooks." The overcrowded suburban trains, subways and street cars offer facilities for

this branch of the profession, and the thieves are working them with typical Teuton thoroughness. The principal sufferers are women. One victim suggests that the women of Berlin should fill their handbags with broken glass. An astounding number of German youths apparently are snatching women's handbags. In and around the Tiergarten is a favourite hunting ground.

More serious is the great vogue of mail robbery. Even Post Office officials and employees are doing it. If you check a trunk for a long haul, it is good advice to insure it, as an increasing number reaches destinations plundered or doesn't arrive at all. Freight shipments of foodstuffs too have a habit of not arriving or of being greatly reduced in transit; and everything conceivable has been known to vanish, from a trifling rabbit or goose out of a basket shipment to whole carload consignments of vegetables. The criminal police have almost unlimited employment in running down this class of thievery and their record shows an increasing number of arrests of railroad employees. A recent sample cache collected by a convicted railroad hand included 600

eggs, two tubs of butter, pails of marmalade, flour, sardines and sole leather. Freight plundering is worked not only by individual railroad employees but by organised gangs, often with minor railroad officials or employees as working partners.

As an instance of many similar cases, at the little town of Konitz, Prussia, an organised company of more than twelve parcel thieves was arrested. The continued robbery of freight and express shipments and the increasing insecurity of the mails has reached sufficiently scandalous proportions to be aired in parliaments. Even the soldiers' field-post parcels are systematically robbed. Registered letters increasingly fail to arrive—the record to date being a \$150,000 valuables letter theft.

Railroad employees who, like postal employees, are all government officials are not the only official sinners. An increasing number of cases is recorded of minor officials and employees, particularly of food control authorities untrue to their trust. Extensive embezzlements of food cards are practised, generally by women clerks. A woman employed in the bread coupon cancellation

---

bureau of a Berlin borough took home every evening from work a document case full of uncanceled bread coupons which she retailed through women agents. On arrest she pleaded that "nearly everybody else in the food bureau was doing the same thing."

Too vast to be measured by ordinary standards is the borderland of war criminality, mostly taking two forms, "war usury" and "illicit traffic," frequently both forms combined, with hundreds of thousands of convictions and cases still pending. The law of "war usury" says vaguely that "he who for necessaries of life under present conditions asks or accepts prices which include an excessive profit will be punished by fine or imprisonment, or both." This vague legal net is catching cases by the hundreds of thousands, the innocent just as liable to suffer under it as the guilty.

In Bavaria alone there were nearly 600 prosecutions for illicit traffic in malt apportioned to the Bavarian breweries, with over a million dollars in fines inflicted.

## CHAPTER XVIII

### DEGENERATION (CONTINUED)

**A** GRAVE symptom of prevailing social and economic conditions in war-time Germany is the precipitous fall of the birth rate: of no immediate military importance; but ominous for Germany's more distant future. Officialdom, scientists and thinking Germans generally have no delusions about the seriousness of this war evil; it has figured in the debates and deliberations of the Reichstag and the Prussian Diet; it has been a featured theme in medical and other war congresses; it has added one more to the long list of German propagandas.

Germany's vital statistics for the war period are not published broadcast, though fragmentary statistical information is occasionally available; nowhere however a full statement of births and deaths during the war years. The following estimated birth figures are based on reasonably complete official infant mortality statistics during the



war: Living-born in 1914, 1,797,000; 1915, 1,467,000; 1916, 1,090,000; 1917, 1,033,000.

The sharp fall of the birth rate as a direct result of the war, particularly of increasingly unfavourable food and economic conditions in urban Germany, is indicated by the following accurate table of births in cities and towns of 15,000 or more inhabitants:

	1914	1915	1916	1917
January .....	54,036	53,488	33,927	31,666
February .....	50,110	49,328	33,357	32,418
March .....	54,646	54,725	33,900	31,200
April .....	53,080	49,968	31,674	29,810

Equally suggestive are the figures for the living-born in the city of Berlin, as far as available: 1914, 37,493; 1915, 30,813; 1916, 22,621.

Even in the last peace years, the steady though relatively small decline of Germany's birth rate was a source of concern to the military State; but if the last peace-time vintage years cannot be counted on to yield more than about 600,000 recruits, the last war years must be regarded as almost complete military crop failures, the classes of 1915, 1916, 1917 and remaining war years likely to yield hardly more than 300,000 recruits;

for 1918, the fall in the birth rate as compared with the last peace year will, conservatively estimated, be close to 50 per cent.

The figures indicate that the brakes have at last been successfully applied to the rapidly falling birth rate; not completely checked, but at least slows up: the peculiar unfavourable war factors have made themselves felt almost to the full, and the present tendency of the birth rate appears to be toward a normal, reasonably stationary war level. While experts disagree as to whether food scantiness is a direct factor in causing the fall of the war birth rate, German sociologists and medical specialists are agreed that, indirectly, food shortage is one of the principal factors. The increasingly fashionable practice of race suicide, even among the labouring classes, before the war has been stimulated by increasing food and economic pressure during the war. Particularly the middle classes hesitate to increase the size of already burdensome families, in view of the difficulty of obtaining sufficient food; while millions of women are doing men's work in the mines, the iron and steel industries and other heavy occupations not conducive to

---

motherhood. The middle class is being converted into proletariat by the war; and even the proletariat is going in for quality rather than quantity progeny.

Alarming this to a military State; particularly as birth rate depressing economic pressure must continue to increase indefinitely—well into the reconstruction period. Everything that can be done under present war conditions to increase the stock of human material is being done; so far mostly palliatives and conservation measures;—a successful campaign to reduce infant mortality; an equally successful propaganda to save a greater percentage of Germany's illegitimate-born by ameliorating the peace-time status of illegitimacy. Positive measures are almost entirely in the hands of the military. All military authorities, both at the front and at home, take a paternal interest in the propagation of the German species; home furlough is granted to family fathers preferentially, primary military interests not conflicting; and soldiers, whether in home garrison or at fighting front, are not infrequently lectured to by superior officers on the duties of citizenship, with emphasis on the important duty to the

State of raising large families. All that military propaganda, stopping short only of explicit orders to increase and multiply, can accomplish is being done to bolster up the falling birth rate.

The State has not gone so far as to propose polygamy, for the balance of the war or the transition period; but no other conceivable practical remedial measure will be left untried. The Prussian government has long been working on a "Program of Population Policy"; nearly completed, though most of its features cannot be carried out until after the war. The population problem is to be attacked by the State along the two general lines of "increasing production" and "conservation." The large-scale population policy is to include, as principal stimulating features, legislation against aiding and abetting voluntary race suicide; economic favouritism to large families; improvement in the housing conditions of the poor; extensive colonisation of city population in the agricultural provinces; premiums on children to small-salaried State officials and employees; as conservation measures, a more intensive campaign against infant mortality; extension

---

of social welfare work; the reform of the midwife profession; the supervision of the health of all infants through State "Child Welfare Bureaus"; compulsory courses of instruction in infant-bearing for all girls in the public schools; the training of a large army of municipal child nurses; improving the condition of illegitimate children. State control of the birth rate can apparently go no farther than as outlined in Prussia's projected population policy; unless it be to introduce compulsory marriage and polygamy, which still seem too radical even for Prussia despite the undoubted military necessity. Just as Germany's peace preparedness includes economic mobilisation plants for getting the economic jump on her present enemies after the war, so peace preparedness includes detailed population strategy designed to make up Germany's and particularly Prussia's war losses before the present enemies can make good their losses in men: an idea expressed, among many other representative Germans, by Professor Dr. von Schjerning, Surgeon-General of the German Army: "That nation will be victor in this war which quickly makes up its losses."

Perhaps even more grave than the fallen war birth rate is the progressive demoralisation of the youth of the nation: a harsh fact admitted by German criminologists and sociologists, by thoughtful Germans generally, and characterised as one of the saddest domestic chapters of the war. The increasing moral attrition under increasingly abnormal war conditions is startlingly revealed by what the Germans call the "*Verwahrlosung*"—the very general depreciation—of the country's youth; running the whole gamut from lack of discipline, truancy and rowdiness to full-fledged criminality.

Germany's criminal records show an increasing number of murders committed by boys and youths, as the war continues; an increase in juvenile burglary and highway robbery, in juvenile thievery generally. Boys and youths too have acquired the war habit of their elders of forming organised robber bands and burglary concerns. Increasing juvenile criminality, stopping short not even of *lèse majesté*—of burglarising and robbing the Kaiser's palace of Wilhelmshöhe near Kassel—is indicated by all available statistics. In Leipzig, which may be considered typical

of conditions in all other large German cities, the number of juvenile convictions in 1916 was nearly double the number in 1915; with figures for last year not available.

Susceptible youth is perhaps influenced most by the abnormal conditions of the war, including food and economic pressure; and the youth of the middle classes are the principal sufferers. The demoralisation of the nation's youth begins at home and continues in the schools; Germany's youth being the more easily prey to demoralising influences since home and school discipline was in peace time of the rigid iron kind—the reaction toward license in consequence all the greater. Iron discipline in home and school is all but extinct. Father afield; mother gunning for food when not wage-earning; children left to run wild—this is apt to be the average home picture. Disciplinarian conditions in the schools are little better; two-thirds the men teachers of the lower public schools being drawn into the army.

There is too a lowering of mental standards. Surviving teachers are overworked, school hours shortened, classes consolidated; in the high schools the standard for final

examinations has been lowered by the equivalent of two years' work. An intimate connection between food shortage and lowered brain efficiency is noted among the school children in the cities. The school authorities have had to take official cognisance of this condition: under orders from the highest Kultur authorities, teachers are required to show every possible consideration for their scholars because of prevailing food conditions; discipline, scolding, censure, any kind of punishment forbidden. The result is a lowering of the academic standards all along the line.

Depreciation of the nation's youth under the prolonged war strain shows in other ways. In 1914, flaming patriotism, war enthusiasm, 20,000 schoolboys volunteering for front service; even in 1915 juvenile enthusiasm for the super-boy scout companies, for military preparation, for patriotic gold collecting, bone collecting, war loan soliciting and what not: in 1918, according to a German pedagogue, "there is everywhere complaint regarding the sinking of juvenile enthusiasm for the military preparation of the youth; collecting is done much more for the pecuni-



---

ary reward than from patriotic motives; the older schoolboys have their inner struggles between hope of leaving school with incom-  
pleted studies and fear of having to fight for the Fatherland; in those social layers which are less hemmed in by tradition, education and discipline, increasing violation of the law—at first merely crimes against property, then more and more tending to deeds of violence; thus fall deep shadows over the luminous picture of 1914,” sadly reflects the Herr Professor. Juvenile criminality in Berlin is estimated to have increased three-fold today over 1914; still only a small percentage of the youth of the whole nation, but nevertheless an alarming problem for a society still sound at the core, and wanting to keep so, war or no war.

“Juvenile morality by military law” is about the only attempted solution of the problem to date. Certain feeble flourishes against juvenile demoralisation have occasionally been made by the commanding generals of army corps districts; thus, to check vagrancy, military decrees limiting the freedom of movement of youths—no leaving the army corps district in which this order is promul-

gated without the permission of the military authorities; to check demoralisation incident to too much money to spend, military decrees fixing a minimum part of wages to be paid in cash to youths, the balance to be placed in savings banks and ultimately invested in war loan under the guardianship of the military authorities; also, here and there military decrees prohibiting cigarette smoking by juveniles; more thought provoking, such a decree as that of General Emmich's successor as Commander of the 10th Army Corps, prohibiting all promenading on Hannover's main street on the part of school boys and girls, for "moral reasons."

Regeneration of the nation's youth is rightly regarded as hardly second in importance to increasing the birth rate. Among juveniles too the process of moral attrition must be expected to continue and increase during the balance of the war, however. Curiously, while Germany's suicide rate which in peace time all but tied Sweden for the civilised world's record, has gone up during the war, juvenile suicide in Germany, much commented on in peace times, has markedly decreased probably owing to the greatly low-

ered academic standards in the schools—war-time examinations no longer having any terrors for the younger war generation.

Minor attrition symptoms worth passing note are the increasing habit of grafting, blackmailing and anonymous denunciations to the police and military authorities. "Honest graft" was not noticeably prevalent in the early years of the war; to the American observer it seemed virtually nonexistent. This lack of up-to-dateness has been more than made up since food and economic pressure became acute. Relatively small sums of money today serve to suborn many an honest German to violate food and other war ordinances. The outward and visible sign of graft, however, is the Berlin chauffeur, vintage 1918. The competition for the few surviving taxicabs in Berlin is such that the chauffeurs can name and obtain their own figures. Particularly in the still existing night-life centres you can see columns of taxis all with the pale blue "hired" flag up, taximetres showing sums of 20, 25 and 30 marks. The strategy for capturing one of these evil-smelling benzol

tanks is to offer payment of all the metre shows plus a tip of 20 or 30 marks plus the legal tariff to destination. Nor are the drivers of those lean survivor horse-cabs behind their benzol brethren in the fine art of applied grafting. In general, paper money works miracles in Germany—never more so than today.

Food and economic pressure have bred ingenious forms of blackmail on an unprecedented scale. Illicit traffickers in foods have been known to hold up old or new customers for higher prices by gentle threat to expose them to the authorities—this even where the customer has been a municipality. Employees bring gentle blackmail pressure on employers by threatening to expose their violations of law, and employers in turn can and do blackmail employees by threatening to revoke their reclamation or otherwise call the attention of the military authorities to the fact that recalcitrant employees are eligible and fit for military or civilian auxiliary service. Greatly increased too has the practice of denunciation by anonymous letters. If you have a grudge against anybody, write a letter to police or military,

exposing violations of any one of the innumerable thousands of war ordinances and regulations. The authorities, already overworked, are in receipt of waste baskets full of denunciatory letters, to which in most cases they pay no attention.

Symptomatic of war's increasing wear and tear, perhaps less of moral depreciation than of nerve attrition under prolonged food scantiness and economic pressure, with no certain end in sight, is the marked tendency to brawl, to start a "roughhouse," to quarrel violently on slightest provocations, to be emotionally explosive and "go off" over trifles; so too there is frequent lament and complaint over increasing lack of courtesy and allied virtues, this particularly in Berlin. The "*biedere*" Berliners, once soul of good nature and racy tart humour, are said to have become of bear-biting disposition, snappy, quick-tempered, quick to wrath over next to nothing. World-war neurologists are justified in diagnosing nerve-strain tending toward national neurasthenia; though the Germans still have nerves of iron, if they do give way occasionally.

Unwonted, symptomatic scenes result, such

as the scandalous "battle" between crippled war veterans and home champions of the Fatherland Party at a Berlin mass meeting, the invited war cripples, though guests of the pan-Germans, being roundly abused and beaten by their ruthless annexationist hosts. Overworked police, with no time to hunt down criminals even, have plenty of extra work trying to preserve order at mass meetings or close them up before outbursts occur. Indeed there is an increasing tendency to bait rival political speakers and break up mass meetings; the Socialists being particularly active in starting offensives against pan-German Fatherland party meetings, packing the halls, heckling the speakers and breaking up the show by singing of the "Socialist Marseillaise"; pan-German patriots generally trying to save the day by singing of "Deutschland, Deutschland über Alles"; a musical duel saved generally from a personal fistic finale by quick intervention of police critics.

Unlovely scenes are liable to result whenever overstrained Teuton meets Teuton. Innumerable are the altercations between ticket sellers and public, between overworked post-

---

office employees and public, between overworked savings-banks cashiers and depositors, between overstrained public service in general and the overstrained underserved public; nerve tension such that whenever the wires gets crossed, sparks fly, angry words occasionally causing mutual blow-out. Says a German commentator: "In Berlin, the force of good will is thought-provokingly handicapped by temperament. People are now rasping and ungracious to one another; all part of the obnoxious tone of daily intercourse which, alone with so many other things, the war has bestowed on us." Overcrowded subways and surface cars are a peculiarly useful high-pressure gauge for revealing the explosive temperament of the latter-day German war mind. A German observer sings of the stopping places: "Here Combat reigns and only brute Strength wins," while another asks plaintively whether a little more common sense and goodwill on the part of the public might not mitigate "the wild scenes in the subways." Mutual vituperation not infrequently leads to hostile conflict between women conductors and passengers; a German eyewitness reports the

symptomatic scene of traffic being tied up on a busy Berlin line because the conductress climbed down from the platform to beat up a girl who had tried to get aboard despite the peremptory "all full," a long line of cars being stalled while the combat raged in the street until the motorman dropped his neutrality and assaulted the conductress. Loud and frequent too are the public's complaints about the high-handed insulting tone of many shopkeepers and clerks, this particularly the case in food stores where food scantiness has reversed the ordinary rules of commerce; the seller holds the whiphand, and feels that he is doing the buyer a great favour. Increasingly large is the number of tradesmen and shopkeepers whose licenses have been suspended or revoked by the authorities for insulting or impolite treatment of the buying public. That bad war manners might ultimately become a menace of military importance if allowed to go too far is however fully recognised. The imperial postoffice department has sent out circular orders instructing all postal and telegraph employees to practice the utmost politeness in their business intercourse and



the Ministry of War too has ordered all its subordinates to deal promptly and politely with the public. The only cure, however, for Berlin's war "nerves" is more food mixed with the hope of peace.

## CHAPTER XIX

### THE CHANGING SOCIAL ORDER

**G**ERMANY is undergoing a bloodless social revolution: the old social order is changing;—for better and for worse. Peace-time Germany, increasingly liquidated in the alembic of war, is recrystallising into ultimate form unprophesiable but obviously a radically new Germany; old caste and class lines variably changing, vanishing or stubbornly, and in most cases losingly, struggling for continued existence; old class lines deepening; new lines and planes of cleavage appearing; nothing absolutely certain but this—that no part of the body and soul politic is persisting unchanged.

Distinctly a war novelty is the sharp plane of cleavage that divides home and front, combatants and non-combatants; an insurmountable psychological plane that separates the sheep led to battle slaughter from the goats of food and much other shortage at home. Those six million odd Germans ma-

rooned at the fronts and behind, with only briefest home vacations at long intervals, live in a world of their own, having little in common with the civilian world of Germany. Months and years of fighting and military hardships, of concentrated experience and close comradeship, have set their stamp on those odd six millions; changed their whole mode of German thinking; changed their peace-time standard of values; above all, given them time and opportunity to think, and made them think. And the result of their thinking is expressed in the still vague *leitmotif* of all front psychology: "Things must be different at home after the war." Those six million fighters and near-fighters, Landsturm and Etappen personnel, have grown to regard themselves as the real and only "saviours of the Fatherland," as alone bearing the danger and burden of the war, and as therefore not merely demanding special consideration but having the right to demand, to speak the decisive word, and if necessary enforce those still vague "things" which must be "different at home" after the war. With no impairment to iron military discipline, which is rooted in the Teuton char-

acter, they have nevertheless developed strong opinions of their own and something very akin to free will, with little left of awe for rank or caste. Those six millions, the bulk of Germany's best manhood, must be considered as a new war entity;—as forming a new "class" of fighters, who can be relied on to fight just as hard in the great social, economic and innerpolitical struggle after the war as on the battle fields of France and Flanders. Let demobilisation once turn this homogeneous-minded military mass loose on a Germany factionally divided against itself on all questions except that of "not being beaten and dismembered," and call for an accounting and reformatory settlement; and it is like to prove a factor of decisive importance. Kaiser and Parliament, officialdom and press more or less, according to their degree of enlightenment, already sense the exceeding probability that the field army, its work done, will return demanding payment in rights and promised reforms long deferred. The potential political power of the new "front class" explains much that is happening in changing Germany.

In Germany itself, the Great Divide is

food—also essentially a war novelty. The new lines of social, economic and political cleavage run closely along the lines of food and its corollary, peace. One might say that all Germany is unequally divided into two parts; the purblind “better-fed class” and the peace-yearning “underfed class,” with their vocal leaders and enlightened though well-fed champions. The food line is the most reliable clue to follow through the dark labyrinth of German internal politics, the interminable polemical controversy over innerpolitical reform and parliamentarisation, war aims and peace terms, pan-German alarms and minatory Socialist excursions. Food, too, or the lack of food, explains much in Germany today.

The German people are split wide-open into new classes along sharply defined deepening lines of cleavage. The gulf is already seemingly unbridgeable today that separates the upper and neither patriot classes;—the champions of positive and negative “ultimate victory,” dictated peace of annexation and no-annexation peace of compromise and reconciliation. Within these rival bodies of public opinion there is a growing feeling of

class solidarity; the controversy over war aims and peace terms is becoming less and less academic and, under food and peace pressure, increasingly assuming the form of a class struggle. There is unmistakably a line-up of war proletariat against war plutocracy and Junkerdom, both camps determined to fight out the issue.

Portentous of class struggle too is the sharp plane of innerpolitical cleavage, deepening along the food and peace lines of division. It is no longer an academic difference of opinion between the forces of Reaction and Political Progress but the beginning of a very real struggle for power between the minority "better-fed" class and the majority "underfed" class ("underfed" according to peace-time standards, not necessarily underfed from the medical and physiological point of view); blind Junkerdom, with its new ally War Plutocracy seemingly fighting its last battle, at bay against the masses of Socialism, Liberalism and Political Enlightenment generally; Monarchical Oligarchy *versus* Democratised Monarchy; a class struggle embittered and made more acute by food and economic pressure, of

immediate vital importance and most un-academic practical future possibilities.

Note too that the abnormal war-time change in the normal peace-time distribution of wealth has caused a remarkable displacement of certain old class lines and that this process is continuing at an increasing rate. In general, the rich are growing richer, the poor are growing relatively richer, the middle classes poorer. The number of the rich is likewise increasing, so too the numbers of the proletariat with money in the savings bank; while the broad middle classes are undergoing a slow process of attrition, for which the Germans have coined the ungainly term "proletarianisation." The ranks of plutocracy are swelled by war profiteers, including lucky individuals who have managed to climb out of those seemingly doomed middle classes, whose purchasing power is steadily diminishing. "Small officialdom," as the Germans say, small-salaried government servants, in general all that stratum of middle class with modest fixed incomes and salaries is unmercifully squeezed as no other class between food and economic pressure, between high rising prices and stationary incomes, forced to use

up peace-time savings or run into debt. Excepting the small percentage of fortunates who have climbed into the bosom of plutocracy, the broad middle classes are being depressed toward the level of the war proletariat, which is rising and meeting the middle classes halfway. Progressive "proletarianisation" is a social war phenomenon causing much anxious headshaking in Germany today. "Where will it end?" . . . "Are we of the upper class doomed?" were questions the writer often heard in Germany, and which today are still more frequently asked.

Gold income tax statistics indicate the thought-provoking abnormal shift in the distribution of wealth; away from the broad middle classes and toward those opposite poles, war plutocracy and war proletariat. In Prussia, the total net income, as reported for taxing purposes, has increased by more than one billion marks during the war, while the average net income has increased by more than 1,000 marks—statistical testimony to the artificial prosperity in the "Era of Paper."

The trend of wealth toward the war proletariat, though appreciable, is insignificant compared with the stream of paper wealth



pouring into plutocracy's coffers. Nevertheless, the Prussian proletariat's share in the grand total of net incomes has increased by more than 1 per cent., which in round numbers represents a shift of more than 200,000,000 marks as war increment to the incomes of proletariat, this lowest tax class including all those whose net incomes range from 0 to 900 marks. The proletariat's improved financial position is further indicated by the immense savings-banks deposits, large number of new accounts opened and huge number of small subscriptions to war loans.

How financially hard hit by the war have been the middle classes is likewise disclosed by the income tax statistics. While the proletariat's share in the grand total of net income in Prussia was increasing by more than 1 per cent. or approximately 200,000,000 marks, the share of the lower middle classes in the total income was steadily dropping, and has already fallen by nearly 2 per cent., which seems little until translated into concrete figures. The total income of the lower middle classes, with net incomes of from 900 to 3,000 marks, has during the war diminished by approximately 400,000,000

marks. Almost equally hard hit have been the upper middle classes, with net incomes ranging from 3,000 to 9,500 marks. Their proportional share in the grand total of taxable Prussian incomes has during the war diminished by 1.75 per cent., representing a shrinkage of approximately 350,000,000 marks. The well-to-do, with net incomes ranging from 9,500 to 30,000, have managed to hold their own; their percentage share in the grand total of Prussian incomes has remained stationary. They form the turning point for the shifting current of paper wealth; the threshold to the new war plutocracy.

To what extent the rich are growing richer is startlingly shown by the income tax statistics. The "lower-class plutocracy," with net taxable incomes ranging from 30,500 to 100,000 marks, has increased its proportional share in the total of Prussian incomes by 1 per cent., representing a handsome war increment of 200,000,000 marks to the relatively small group of lower-class plutocracy's net incomes—curiously about the same as in the case of the proletariat class. Very much better have fared the super-rich, with net

incomes of more than 100,000 marks. Upper-class plutocracy's share in the grand total of Prussian incomes has increased by more than 2.5 per cent., representing an increment to net income of 500,000,000 marks. The richest "man" in Germany and Prussia's biggest taxpayer, said to be the Prince Henkell-Donnersmarck estate, had a net income of 29,400,000 marks in 1917 as against only 23,800,000 marks in the last peace year.

The almost revolutionary change in the distribution of wealth through war profits (principally made in agriculture, traffic in foodstuffs and the war material industries) is even more strikingly indicated by the rapidly increasing number of new German millionaires; the financial attrition of the middle classes by the decreasing number of taxpayers with medium net incomes.

During the first three years of the war, the number of net "upper middle class" incomes ranging from 3,000 to 9,500 marks had decreased by 6.5 per cent. In the same period, on the other hand, the number of the well-to-do taxpayers with net incomes ranging from 30,000 to 100,000 marks increased by 8.1 per cent.; while war million-

aires have increased and multiplied like rabbits. The number of taxpayers in Prussia with net incomes ranging from 100,000 to 500,000 marks increased by 27.2 per cent. during the first three years of the war; the number of those with incomes between 500,000 and 1,000,000 marks increased by nearly 40 per cent.; while the number of super-plutocrats with incomes of over one million marks is nearly 50 per cent. greater than at the outbreak of the war. At the beginning of 1917 there were 134 taxpayers in Prussia alone with net incomes exceeding one million marks as against only 91 in the last year of peace.

While the backsliding broad middle classes are bearing the brunt of the war and suffering accordingly, the rising proletariat is gaining in political importance and in political interest to the menaced upper classes. Particularly the working class shows restless symptomatic beginnings of a growing realisation of its political power as a class and the will to use this power decisively; though the socialistic working class is still split wide open into orthodox and radical camps, nationalists and internationalists, majority

Socialists who like most of their French and English comrades still are possessed of a hard-headed common-sense patriotism and the minority of weaker sisters whose remnant Germanism is fast being lost in vapourings about theoretical brotherhood of labour and world revolution of proletariat. The cleft in German Socialism which seemed unhealable appears, however, under constant food pressure and increasing economic pressure to be actually mending somewhat; certain that the masses in the rival Socialist camps are drawing closer together under common hardship and that the time is inevitably coming when the working class will make its political power effectively felt as a unit.

Junkerdom is undeniably undergoing a slow process of political attrition. While its landed estates are being eaten into by war parvenus and further inroads are threatened by a large scale internal colonisation policy after the war, the beginning of Junkerdom's end as a politically privileged class is already in sight, with far-reaching consequences. No less stubbornly than Junkerdom is plutocracy entrenching itself and preparing for a life and death struggle. As a class, the "Inter-

ests" have gained tremendously in political power during the war, this particularly true of the so-called "heavy industrials"—coal, the iron and steel interests; and the other captains of war industry. A clean-cut political line-up of broad masses against Junkerdom and plutocracy, allied in defence of special privilege, both ready for battle, is the characteristic feature of Germany in 1918.

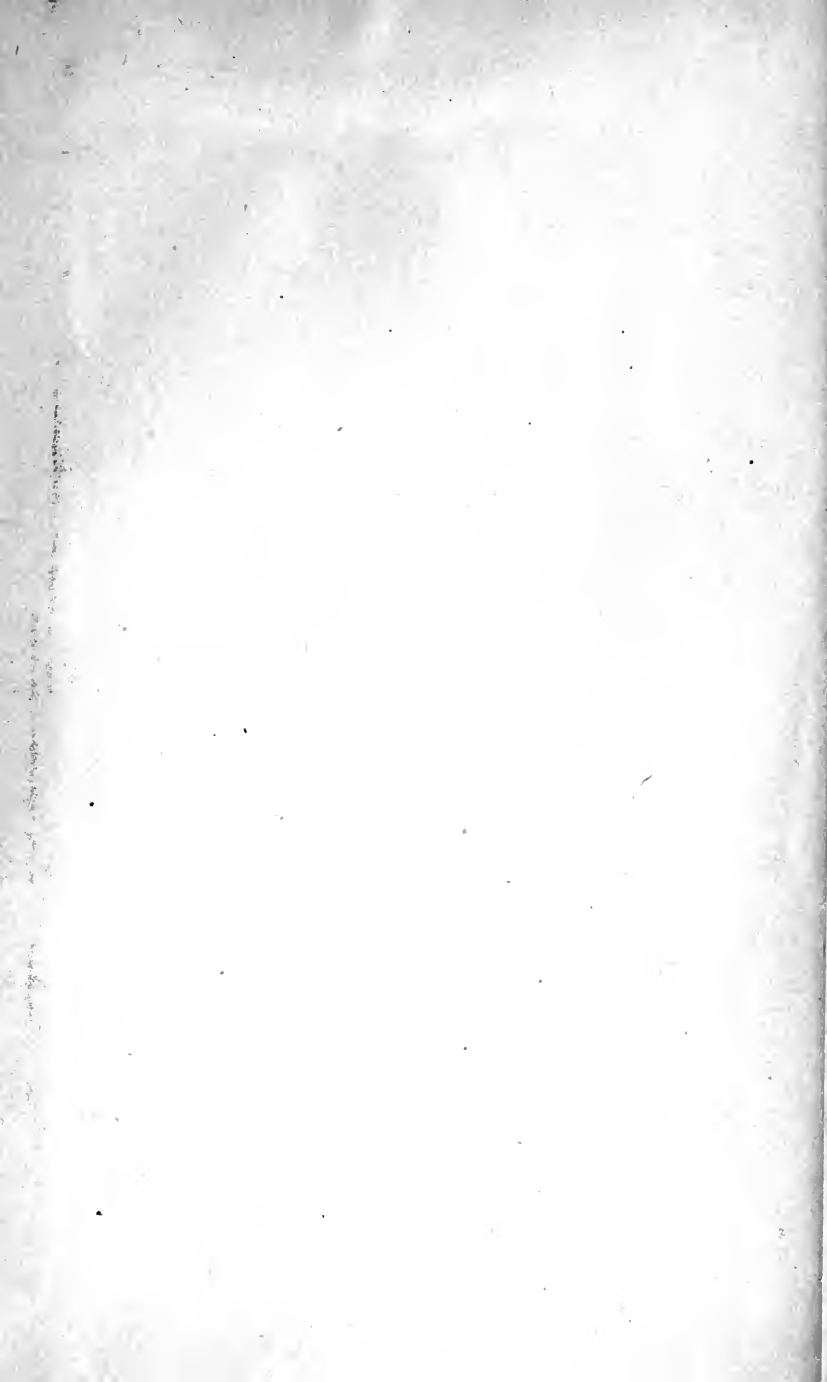
Far-going social change is indicated too by the very gradual fading or blurring of certain old caste lines.

Aristocracy is fast losing caste in the eyes of the multitude. Abnormal war conditions, in first line food and economic pressure, have brought about a general transvaluation of values; rank and title have measurably depreciated. The familiarity of the front has bred a kind of scepticism among commoners regarding superior mortals; aristocrats coming more and more to be judged on their merits as mere men and evaluated accordingly. Officialdom too has lost much of its nimbus to the eyes of the broad masses. While the slow process of attrition is nibbling at the social prestige of officialdom and feudal aristocracy, the prestige of big busi-

ness and finance is steadily increasing. Here is distinctly a war novelty. For not only does officialdom no longer look down on business, but business, having been forced to make closer acquaintance with officialdom as a result of the war, has lost most of its awe and excessive respect for the official caste. And business is actually beginning to attract members of the official class into its ranks with the certainty that this will be increasingly the case after the war. The military too, which has been brought into intimate working contact with business, particularly as a result of the Hindenburg program, has acquired new wholesome respect for business. The military caste line too appears to be blurred in spots and slowly fading all along the line. As perhaps most significant symptom that the old Germany is perishing, a new Germany evolving is the greatly changed position of woman as a result of the war, a change which though great must be regarded as still only in the initial stadium. Here too an old class line is fast breaking down.







UNIVERSITY OF CALIFORNIA LIBRARY,  
BERKELEY

**THIS BOOK IS DUE ON THE LAST DATE  
STAMPED BELOW**

Books not returned on time are subject to a fine of 50c per volume after the third day overdue, increasing to \$1.00 per volume after the sixth day. Books not in demand may be renewed if application is made before expiration of loan period.

CT 15 1926

NOV 5 1926

NOV 29 1926

APR 26 1927

17 APR '53

APR 8 1953

20 May '62 BW

REC'D LD

MAY 7 1962

YB 19630

436052

HC 286

.2

B8

UNIVERSITY OF CALIFORNIA LIBRARY

