The Grain Grower's Guide

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Government Ownership in Germany

By ELMER ROBERTS in Scriber's Magazine

THE motive of this writing is to convey some notion of the extent in which the associated monarchies, forming the German imperial state, are engaged in profit-yielding undertakings that in other states are usually left entirely to persons and companies. Americans are acquainted with the aims of the Social-Democratic party, the revolutionary socialism of Germany, with three and a quarter millions of voters, organized, irreconcilable, aflame with zeal. That might be called the paper socialism in Germany. Perhaps "paper socialism" is too light a phrase to use toward a force so formidable and so implacable. It is, however, the doctrinaire socialism of Germany that has not yet passed a law, nor administered a parish. The socialism in being, the only collective ownership of mines, railways, lands, forests, and other instruments of production, is monarchical socialism, existent by acts of the crown in co-operation with conservative parliamentary majorities.

The imperial government and the governments of the German states took profits in 1908, from the various businesses conducted by them, of $277,385,095. Estimating the capital at a 4 per cent. ratio, the value of the productive state-owned properties is $6,933,627,375. Roundly, the governments operate dividend-yielding works, lands, and means of communication worth $7,000,000,000, and the governments continue to follow a policy of fresh acquisitions. Taking the federated states together, 38 per cent. of all the financial requirements for governmental purposes were met last year out of profits on government-owned enterprises. One-quarter of all the expenses of the state and the imperial governments on army, navy, and all other purposes, were paid out of the net profits on government businesses. Among the undertakings are no tobacco, spirit, or match monopolies.

Pays Governing Expenses

The miniature ducal monarchy of Schaumburg-Lippe, with a population of 44,992, and an area of 131 square miles, made $206,150 from property owned collectively, or 5 per cent. of the requirements of the state. The still smaller principality of Reuss, the elder, with 122 square miles area, and a population of 70,603, has an income of $10,000, the smallest actually, and the smallest in proportion of any of the German states. The little neighbor of Reuss, Schwarzburg-Rudolstadt, has $350,000, or close to one-half all the public requirements, derived from state domains and mines, Schwarzburg-Sonderhausen draws 33 per cent of the budget from farms and forests; Oldenburg, 22 per cent.; Mecklenburg-Strelitz, 49.14 per cent. But it is the great states of the empire where state management of large properties shows the more important results. Bavaria pays 39 per cent. of all the administrative costs from public-owned properties; Saxony, 31 per cent.; Wurtemburg, 38.7 per cent; and Prussia, 47.36 per cent. Prussia, which forms about five-eights of the empire, has a constantly increasing revenue from state-owned enterprises, which yielded, in 1908, net returns of about $176,000,000, or more than twice the state's income from taxes, which was $85,452,000; the average income from taxation per capita was 18.1 marks; while the average per capita taken in taxation was 8.7 marks. In that year the state, owing to extensions in canals, railways, and other public works, raised by loans what amounted to an average per capita of 7.1 marks. The state income from public properties amounted in 1908 to somewhat more than the total income from taxation and from borrowings. The railways were the largest source of income, and netted $149,755,000, or about 8 per cent. on the total invested by Prussia in its railway system since the state began to buy and build railways, in 1848-49. Prussia derived from other sources, from its crown forests, the leased farms, the iron, coal, potash, salt, and other mines, the porcelain factories, banking, and a variety of less important industries, $26,900,000. The policy of Prussia, which dominates the empire, is strongly in the direction of increasing the participation of the government in industrial enterprises. The Prussian legislature, acting upon a recommendation of the emperor, in the speech from the throne at the opening of the Diet in 1906, passed a bill extending widely an old act, giving the state the right to take over at a valuation any discovery of mineral riches on private lands.

Outfit of John Allen, Cordova, Man. 1909

Government Enterprise

German manufacturing and mining is rather more completely under the control of combinations than is the industry of any other country. The closely organized syndicates in the coal and iron industries control production, and selling prices more effectively than does the United States steel corporation in the United States. The Prussian government, in its desire to have a seat in the coal syndicate, determined three years ago to buy a controlling interest in the shares of the Hibernia Coal Company, mining 7 per cent. of the coal in the Rhine-Westphalian region. The Dresdner Bank, acting under a private arrangement with the Prussian treasury, bought shares on the stock exchange until a majority of the capitalization had been acquired. The announcement that Prussia had bought the control of the company so vexed the group of coal owners who had previously ruled the company that they increased the capitalization, and issued the new shares to themselves, thus acquiring a majority. The Prussian government, brought a suit to pronounce the new issue illegal, but after the intermediate courts and the supreme court of the empire had decided against the Prussian contention, the matter has been dropped, so far as the Hibernia Company is concerned. The policy of Prussia remains unchanged, and further efforts, it is publicly understood, will be made by the government to obtain a vote, not only in the coal, but in the steel and other important syndicates. Prussia already has an important share in the direction of the potash syndicate. The theory of the Prussian cabinet and the crown is, that it is for the interests of the people that the state should take part in industrial combinations that undertake to regulate the prices of articles, or the production in any industry. Public opinion supports this principle.

Besides the productive ownerships of the empire, and of the individual states, the cities of Germany have gone deeply into street railways, gas, electricity, water-works, slaughter-houses, market halls, cold storage, canals, and wharfs. Thus the republic of Lubeck pays 18.29 per cent. of its expenses from such sources, Hamburg 4.25 per cent., and Bremen 6.07 per cent. It is a fact of some interest that the republics among the states of the empire are far more backward in communal ownership than are the monarchies.

A summary of the government-owned properties and the income derived from them is subjoined:

	Values	Net Incomes
Farms	$188,144,783	$7,943,500
Forests	750,998,600	69,455,948
Mines	148,907,743	5'116,509
Railways	4,706,904,730	189,916,199
*Telegraphs *Telephones *Express packages *Mails	694,816,650	$7,794,666
Other Works	455,184,900	17,407,476

*These services are government monopolies.

Upon no department of industry does any of the state governments lose except upon steamers. The grand duchy of Baden runs its internal navigation lines at a loss of $15,833. Saxony, Wurtemburg, and Mecklenburg-Schwerin gain on their lines $7,163, so that on the whole of the state-owned steamer lines there is a loss of $8,670.

Vital to German Life.

This structure of collective ownership, which I have called monarchical socialism, rests upon a way of thinking in Germany, which differentiates the social and political conditions there from those of any other great industrial state. The representatives of the monarchical principle in association with the conservative classes have accepted this way of thinking and it has entered into the very texture of thier ideas of government, and is supported by the great orthodox economists, such as Schmoller and Wagner. The policy of acquiring and managing industries, lands, mines, and means of communication by the government is so vital and living a part of the German empire the subordinate states, and the parishes, that it is slowly making Germany fundamentally different industrially and politically from the United States, Great Britain, France, or any country that comes into comparison with Germany

The American or the Englishman when talking with a German about social or political questions, finds that he and the German are looking at things from different basal conceptions of the functions of government. The Englishman has that background of eight centuries, during which his race has developed individual liberty, and has given free political institutions, or some form of them, to all other modern states, including Germany. A social system has been developed whose key-idea is to give the citizen free play to his individuality. The system has worked well and continues to work in the United Kingdom the great associated colonial states, and in America. The German, while modified by the individualist school of thinking, has grown up among a different

ASTOUNDING FACTS

The Imperial Government, and the Government of the German States took profits in 1908 from the various businesses conducted by them of $277,385,095. Estimating the capital value at a 4 per cent. ratio the value of the productive state-owned properties is $6,933,627,375.

A summary of the government-owned properties includes farms, forests, mines, railways, telegraphs, telephones, express packages, mails and other works.

One quarter of all the expenses of the State and the Imperial governments are paid out of the net profits on government business. In the State of Prussia, which forms about five-eighths of the Empire, the railways were the largest source of income, and netted $149,755,000 in one year.

How combines are fought, and the vast business managed.