The purpose of the memorandum is to bring to your attention the impossible conditions which the Austrian Government is imposing upon the milk producers of this country and the results which are now and will probably continue to accrue from such a policy.

The whole question is one which would normally not involve in the least the American Red Cross, but inasmuch as we have devoted during the past two years, and are still continuing to do so, our attention and care to the welfare of the children of this country and find our way blocked at every turn by the shortage and poor quality of the present milk supply, we consider it our duty to the people who are supplying us with funds as well as to the Austrian population whom we are trying to help, to do everything possible to remedy this situation.

The conditions under which Austrian milk producers are working has come to my attention during the last few months when I have been trying to make a permanent contribution to the Vienna children by the expenditure of a sum of money in such a way as to bring about a real improvement in their milk supply. I have, after four months of intensive investigation found, that it is quite impossible at the present time with money alone to bring about any really permanent betterment in the matter, because of the fact that the present laws which control the supply of milk to this city are actually strangling the local production and increasing rather than decreasing the dependency of this country on foreign sources. A glance at the attached statement will prove this in an unmistakable way.

The American people will never understand why the Austrian Government clings to such a ruinous policy which allows to foreign importers the full world-
marketprice for their wares for which payment in foreign currency has to be made, and compels at the same time their own countrymen to dispose of their products at a price far below the cost of production. In consequence of this policy not only large sums drain away to other countries, fatten foreign producers and merchants, but every interest in your own local production is thereby choked and the children are left without milk.

Another thing which foreigners cannot understand is why the distribution of canned milk at such an enormously reduced price is not restricted to only the poorer classes, who are indeed unable to pay the world marketprice; why the poor and the rich profits alike by it. A further view of the image shows the moral side of the matter in question. An unjust law provokes evasion. The milk, at least a great part of it is either watered, or sold in schlechhandel and it is the children and sick who suffer and pay for it.

Further more the whole population is encouraged hereby to go on living without concern for the future, partially at the expense of the government, not conceiving, that for everything that is bought, the full value must be paid. The sooner it is made aware of this truth, the better, as in the end it will have forcibly to pay in the way of taxes or interest for what the treasurer has, so to say, only advanced for the time being.

Americans, and I may confidently say, the greater part of the commercial world, believe in free trade. It was therefore free trade, which I ventured to suggest in all the official conferences held for the purpose of discussing this matter. I am, of course, aware that the transition to free trade could not be made at one step; what I hoped to bring on were gradual but energetic steps in this direction.

I am sorry to say that I did not succeed in getting even promises, which would have allowed me to hope much, and it fills me with regret to have waited so many months and compromised thereby - in consequence of the constant drop in the value of the kronen - my primary intention, to use up the sum, of which I had to dispose in purchasing a number of good milk cows. And I am the more sorry that I shall have to speak in my report to my home authorities of this failure, as I am sure that such a failure can but have a sinister effect on the feelings of our Central Headquarters towards Austrian relief work in future.
The general approval with which you have entered into the government and the financial programme with which you have introduced yourself encourages me to address this memorandum to you in the hope that you will find it possible to bring about the necessary changes in the situation and thus enable me to report to my superiors that our contributions are going to the support of a healthy organization and not being used only as a temporary relief under hopeless conditions.

George W. Bakeman,
Director of Unit,
American Red Cross
in Austria.