

Marten Seppel & Hannes Vinnal (Tartu)

‘Public granaries: A debated institutional solution for rising prices in eighteenth-century German literature’

Although establishing food reserves seems to be a very simple measure to guard against frequent crop failures, debate over the political and economic importance of building up a territorial public granary system first began in the mid-17th century and became a heated topic in economic literature from the mid-18th century. In 18th century Europe two countries in particular – Prussia and Russia – came to be known as granary states, founding an extensive territorial network of public granaries. This is unlikely to have been a coincidence. In Prussia as well as in Russia decisions in the 18th century to establish the public granary system for civil use were clearly influenced by contemporary economic thought. Both countries were especially influenced by cameralist ideas during the 18th century. And cameralists were ardent advocates of granary reserves.

Cameralists considered price policy to be a vital responsibility of the state. Administrative solutions were sought that could mitigate the consequences of a sudden price increase caused by crop failures and other setbacks. Leading cameralists - Joseph von Sonnenfels, Johann Heinrich Gottlob von Justi and others - were in general agreement that the institution of the granary was the principal and best response to rising prices. Justi declared that granaries were definitely "amongst the most needed institutions of a wise government", considering how devastating the consequences of a sudden price increase could be.

Our paper will examine the main theoretical arguments advanced in recommending that governments (such as Prussia or Russia) establish public granaries. It was obvious that these would be very costly undertakings. We argue that the arguments made were rationalistic, lacking sophisticated consideration or calculation. Cameralists believed in the positive good that would result from these institutions, and paid less attention to the practical side of grain storage. They did not deal with the question of how these might actually function in a crisis situation. The advocates of granaries focused only on the availability of a grain stock. They paid almost no attention to the manner in which grain from granaries might be distributed. It is clear that grain reserves *per se* did not guarantee the stabilisation of grain prices or famine prevention. Thus the latter part of the paper will analyse whether the granaries had in practice any impact on the volatility of grain prices.