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PRELIMINARY ECONOMIC STUDIES OF THE WAR

THE COOPERATIVE MOVEMENT IN JUGO-
SLAVIA, RUMANIA AND NORTH ITALY
DURING AND AFTER THE WORLD WAR

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PRELIMINARY ECONOMIC STUDIES OF THE WAR
No. 21

THE COOPERATIVE MOVEMENT
IN JUGOSLAVIA, RUMANIA
AND NORTH ITALY

BY

DIARMID COFFEY

Librarian, The Cooperative Reference Library, Dublin

THE COOPERATIVE MOVEMENT IN JUGOSLAVIA, RUMANIA AND NORTH ITALY

During and After the World War

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DIARMID COFFEY

Librarian, The Cooperative Reference Library, Dublin

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AUTHOR'S PREFACE

The following studies of the cooperative movement in Serbia and Rumania during and after the War are the outcome of an investigation undertaken by me at the instigation in the first instance and with the financial support of the Horace Plunkett Foundation Trust and the English Labour Research Department. The preparation of a report for the Carnegie Endowment for International Peace enabled me to extend the time and scope of my investigation. I had originally intended to make a full inquiry into Italian cooperation, but I found that were I to attempt this I should have to devote six months or a year to Italy alone. The extraordinary number of cooperative organizations in Italy and the wide range of their activities are such that no one could attempt to speak with authority who had not spent a very long time in the country and who did not speak Italian almost as his native language. I therefore attempted only a cursory view of Italian cooperation and have appended a few brief and inadequate notes of what I saw in Italy.

My investigations in Jugoslavia and Rumania were far more fruitful, and I think I may claim to give a fairly comprehensive view of cooperative conditions in these countries. I have not seen any accounts of them which give as general a description as I have attempted, and therefore I hope that the reader will find matter which will interest him.

I had originally intended to return to Ireland through Hungary, Austria and Czechoslovakia, but the fates decided against this. My companion on the journey was an Irish agriculturist, Mr. A. Vere O'Brien, whose practical knowledge of farming was of great assistance to me. Unfortunately, he became seriously ill, which necessitated the curtailment of my plans. After a month in a hospital at Brasov (Cronstadt) he became well enough to travel again. But traveling in Eastern Europe was very difficult. The trains were so crowded that, with luck, standing

room in a corridor only was obtainable. Many persons traveled on the roofs of the coaches, and I have seen them climbing down and hanging on between the carriages while passing through a tunnel! There was only one good train from Rumania westward, the Simplon Orient Express, and as it passed through Jugoslavia we had reluctantly to abandon our visit to Hungary and Austria.

The reports were written under certain disadvantages arising out of the political situation in Ireland. My diaries, written in the form of letters, were seized by the British military authorities. Fortunately, my note-books were not discovered, and I have therefore been able to supply the technical details, but by the loss of my record of casual remarks and impressions my report has been deprived of much that would not only have made it pleasanter to read but would also have thrown light on the social conditions which influence cooperative movement in the various places I visited.

I should like to take this opportunity of thanking those who by their hospitality and kindness made it possible for me to learn much that would otherwise have been difficult to discover. I should particularly mention Signor Fortis of Milan, Dr. Costanzo of the International Institute of Agriculture at Rome, Signor Mami at Bologna, Signor Zanchetta at Treviso, MM. Galyer and Vukmir at Zagreb, the Secretaries of the Cooperative Unions at Ljubljana, Split and Sarajevo, and, last but not least in Jugoslavia, M. M. Avramovitch and Dr. Prohaska of the Union of Belgrade, to whom I owe more than I can well express. In Rumania the Director of the Union of Credit Societies and the Director of the Union of Agricultural Societies, and M. G. Mladenatz and M. Teodorescu, who accompanied me on visits to societies, were all of the greatest assistance and kindness. M. Lupu also gave me valuable help.

DIARMID COFFEY.

DUBLIN, IRELAND,

August, 1921.

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INTRODUCTION

The cooperative movement as a whole seems to have survived the war more successfully than many other forms of enterprise. In Central Europe reports show that, comparatively speaking, at least, the cooperative societies have made progress since the World War. In France and Switzerland all forms of cooperation are flourishing, and in the former there has been some cooperative effort for reorganizing the devastated areas. In the countries with which this report deals there can be no doubt that cooperation has demonstrated its efficiency and elasticity in meeting economic difficulties. Where private enterprise has failed, cooperation has been able to insure the fair distribution of supplies. It has kept the economic nation alive in many districts where other forms of trade have actually ceased to function.

This must largely be ascribed to the fact that the cooperative societies command the confidence of their members and are therefore regarded as of especial importance when rapid fluctuations in value encourage profiteering and speculative buying. The value of this confidence is shown by the fact that in Southeastern Europe not only did the Governments of Serbia and Rumania use their cooperative societies as the means of distributing essential commodities, but the Austrian and Hungarian Governments actually used cooperative societies formed by members of the subject races of their old dominions both for collecting agricultural products and for distributing manufactured goods.

The more particular reasons why cooperation has gained rather than lost by the economic catastrophe of the War are: (1) The increase in the cost of living has made the savings effected by cooperative purchasing of great importance to the vast bulk of the people of Europe. (2) The continued necessity of distributing controlled necessities of life, such as bread, salt, flour and tobacco. (3) The general upset of international trade has made the procuring of the raw materials of agriculture (seeds,

manures, etc.) more difficult and has therefore reacted in favor of cooperative supply. (4) The rapid change from large estates to small holdings which is taking place in the Balkans and to some extent in Italy is causing a development of agricultural cooperation. (5) The spread of revolutionary and communistic ideas in Europe has caused the governments of the countries in question to favor a movement which, by providing a means of solving economic difficulties, may make actual revolution less probable.

Cooperation differs greatly in the three countries with which this report deals. In Jugoslavia it was, except for Serbia itself, largely political and anti-Austro-Hungarian in its aim. In Rumania it is very much in the hands of government departments, and in Italy it is mainly political and in the control of the different political parties. But despite these differences the main stream of cooperation is the same. It is at bottom a democratic movement, with the well-being of the groups of individuals forming the societies as its object. It is open to all citizens of the state and in so far its aim is for the well-being of the state. Europe is now in a state of disorganization and change, and the cooperative societies everywhere represent a stabilizing element which can adapt itself to change without violence. In Jugoslavia and Rumania it is clear that a united cooperative movement will be a great element of strength. They are both agricultural countries, where cooperation takes on a simple and unifying form. In Italy the problem is more difficult and the elements of discord more obvious. What the end will be there it is impossible to say; but whatever may happen, Italy is the country which has led the way in cooperative production and the application of the principles of cooperation to industry.

PART I

THE EFFECTS OF THE WAR ON COOPERATION IN JUGOSLAVIA

GENERAL CONDITIONS

The cooperative movement in Yugoslavia was strong previous to the War and has emerged from the struggle stronger than before; but its orientation has been completely changed and its character is undergoing great modification. Yugoslavia is formed of a number of the states which were part of the Austro-Hungarian Empire but which at the end of the War broke away from that empire and joined themselves to Serbia. The three main divisions of the population—Serbs, Croats and Slovenes—recognized the King of Serbia as the head of their united country, and called their new kingdom the Kingdom of the Serbs, Croats and Slovenes (S. H. S. Monarchy). This is still the official title of the new state; but the name Yugoslav or Southern Slav is a generic term for all these people and the name Yugoslavia is more convenient than S. H. S. Monarchy and is therefore adopted in this report. It is probable that the name Yugoslavia will be officially recognized before very long, as it is already generally used by the people of that country.

The divisions of the country are, first, Serbia, which has been an independent country since it threw off the last vestiges of the Turkish yoke at the Treaty of Berlin in 1878. It has an area of 18,650 square miles, and its estimated population in 1911 was 2,957,207, of whom about 2,900,000 belonged to the Greek Orthodox Church. The country is almost entirely rural. Belgrade is the only big town, but it has less than 100,000 inhabitants. The Rivers Save and Danube form the northern boundary of Serbia, and north of the Danube comes the Banat of Temesvar, a portion of which, at the end of the World War,

came into Serbian hands. North of the Save lies Slavonia, and east of Slavonia, crossing some of the middle ranges of the Save, Croatia. These two provinces have as their northern boundary the River Drave and the Danube. They form one administrative whole with its capital at Zagreb (Agram). The area is 16,421 square miles and the population was 2,621,954 in 1910. The bulk of the population is Serb or Croat, who are respectively Greek Orthodox and Roman Catholic in religion. The principal town, Zagreb, is the seat of government for these two provinces, which up to the end of the War were under Hungarian rule. There is very little manufacturing in the country. It is chiefly agricultural and pastoral.

West of Croatia lies the country of the Slovenes, Carinthia, part of Styria and Carniola. At the time this report was compiled the question remained unsettled as to whether the Klagenfurt area of Carinthia should be Austrian or Yugoslav, but the result of the Klagenfurt plebiscite has given the whole of the district to Austria. The southern portion of Styria forms part of Yugoslavia. Carniola, with its capital Ljubljana (Laibach), is the most important part of the Slovene district and had a measure of local autonomy under the Austrian Government. East of this again lie Istria and Goritzia, which have a mixed population of Italians and Slavs and which have been assigned to Italy. The area of Carniola is 3,989 square miles and the population is about 530,000, practically all Roman Catholic. There are a few industries in Laibach and the surrounding district. The country is rather hilly. The total Slovene population of the Austrian Dominions was given as 1,252,940 in 1910. South of Croatia and running along the Adriatic Coast is Dalmatia, with an area of 4,955 square miles and a population of about 670,000, chiefly Croat Roman Catholic. At the time of the making of this report there was a dispute between Yugoslavia and Italy as to ownership of a portion of the Dalmatian Coast and Islands, which was settled at the Treaty of Rapallo. That treaty assigned practically the whole to Yugoslavia, but left the Italians some control over the town of Zara and some other towns and islands. Split (Spalato) is the capital and seat of the local gov-

ernment, which was at Zara under Austrian control. East of Dalmatia, lying between that province and the Kingdom of Serbia, are Bosnia and Herzegovina, which were occupied and administered by the joint Austro-Hungarian Government from the Treaty of Berlin in 1878 until October, 1908, when the two provinces were formally annexed. The area is 19,768 square miles and the estimated population in 1912 was 1,962,411, of whom 626,000 were Mohammedan, 856,000 Greek Orthodox and 451,000 Roman Catholic. The population is mixed—Serb and Croat; the Roman Catholics are Croat, the Greek Catholics are Serb and the Mohammedans may belong to either race but are not Turks.

The language spoken throughout the whole country is the Southern Slav language, which is very like Russian. It is possible for an inhabitant from one part of the country to understand one from another part; the difference in dialect is said to be not greater than the difference in English dialect; the noticeable distinction is that the Serbs use the Cyrillic alphabet, which is much like Russian, while the Croats and Slovenes use the Roman character, but an educated man can easily read either character, and the distinction is not of much more importance than the use of Gaelic or Roman characters in Gaelic, or German or Roman characters in German. The religion has been mentioned in each case, as broadly speaking it distinguishes the Serb from the Croat or Slovene, and as will be seen in later stages of this report it has played an important part in the prewar development of cooperation throughout Jugoslavia.

As may be seen above, the whole population is predominantly rural. There is no big manufacturing town in the whole country, and except on the Dalmatian Coast, where there is a certain amount of fishing, the population depends directly upon the land for its support. The towns are administrative and distributing centers. As far as cooperation is concerned, outside of Zagreb there is hardly any non-rural cooperation, but there is a strong agricultural cooperative movement in every province, based chiefly on credit societies of the Raiffeisen type, which have developed various forms of activity.

Up to and during the War, what is now the cooperative movement of Yugoslavia was divided into four main branches: (1) cooperation in Serbia proper; (2) cooperation in those districts which are under Hungarian rule; (3) cooperation in districts under Austrian rule; and (4) cooperation in Bosnia and Herzegovina under joint Austrian and Hungarian rule.

In Croatia, which is under Hungarian rule, there were three types of society: (1) societies encouraged and partly financed by the Hungarian Government, which group has practically disappeared; (2) Croat societies, and (3) Serb societies. Both of these latter are largely controlled by the priests of the Roman Catholic and Greek Churches, respectively. Neither had government support, but each was regarded with suspicion by the Hungarian Government, which, however, encouraged anything which kept the two races disunited, and on the whole favored the Croat rather than the Serb society. In Slovenia the cooperative societies were divided into clerical and anti-clerical, the latter being slightly, but only slightly, socialistic in tendency. In Dalmatia there were no visible traces of such divisions, though it is possible that the Italian element, where it is strong enough, may produce a division there; but at the time of writing, the Italians and the Croats were strictly kept down in districts occupied by the other nation and had little opportunity of expressing themselves. In Bosnia and Herzegovina the distinction between Serb and Croat societies was much the same as in Croatia. The Mohammedans had no societies. The cooperators of Yugoslavia wish to form one united movement out of these various elements, and the steps they are taking to secure this unity will be dealt with in the conclusion of this section of the report.

SERBIA

The cooperative movement in Serbia proper is a united movement. Its difficulties were considerably less than in the other parts of the country, because Serbia was a united and independent country without the strong religious and political divisions which mark the other portions of Yugoslavia.

The moving spirit of cooperation in Serbia is M. Avramovitch, to whose energy and enthusiasm cooperation in that coun-

try owes a very great debt. M. Avramovitch is still far from being an old man, and he has seen his work bear fruit and what is sure to be lasting fruit, and now it is likely that he will unite all Yugoslavia in one consolidated cooperative movement, which will lead the Yugoslav peasantry into a better, more prosperous and more social life than has hitherto been possible for them.

The first cooperative society in Serbia was founded in 1894 and by 1910 there were 908 societies, of which 615 were credit societies, 42 distributive societies, 153 machinery societies, 12 dairies and 3 wine societies. There was also a central bank, with its headquarters at Belgrade, for lending money to and receiving deposits from societies. The bank also supplied seeds, chemicals, manures, agricultural machinery, etc., and in 1909 it had granted loans to the value of 968,000 *dinars* and received deposits of 320,000. The state lent the bank 2,000,000 *dinars* free of interest; 5 per cent was charged by the bank for loans and 4 per cent interest was paid on deposits. The bank does not distribute a dividend and its profits and reserves are indivisible, so that if it should ever come to be liquidated, after the state loan has been repaid, any money over must go to some public purpose. The figures and facts given above were supplied by M. Avramovitch to the International Institute of Agriculture at Rome in 1910. The invasion of Serbia by the Austrians in 1914 and the Balkan Wars of 1912-13 made it difficult to obtain accurate information about cooperation during those years; but according to statements made to the writer by M. Avramovitch, there were in 1914 about 1,200 societies, with a membership of about 80,000. Of these societies, 800 were credit societies, 200 agricultural consumers societies, 154 machinery societies, 8 wine societies and 40 for the insurance of livestock.

During the War the whole of Serbia was occupied by enemy forces, and as a result the cooperative movement was brought to a complete standstill, though in some cases the machinery of the societies was used by the invaders in a way that made it easy to re-form them. It may thus be said that for the period of the War the history of cooperation in Serbia is a complete blank. As soon as the Serbs were able to reoccupy their country, M. Avramovitch set himself to the reorganization of the cooperative

movement, and by June, 1920, there were about 800 societies, of which 600 were old societies revived and 200 were newly formed. The whole work of revival was so new and was proceeding so rapidly that M. Avramovitch was not able to give definite and accurate figures of the growth of his movement since the war, but the figures given above may be taken as being a near approximation to the actual state of affairs. But the revived movement differs to a considerable extent from the movement before the War, and this difference, as might be expected, is practically universal throughout the countries of Europe with which the present writer is acquainted. Before the War the need of credit was greatly felt by the farming community in general, and this was particularly the case in undeveloped countries like Serbia. The War, however, exercised a profound effect upon the economic state of the rural population. Prices of all foodstuffs rose enormously and at the same time the spending power of the farmer was greatly restricted, owing to the difficulty of procuring goods. As a result, at the end of the War the average peasant found himself with large supplies of money, though probably not greatly increased wealth, as he had less stock, and, owing to the difficulty of obtaining fertilizers, his land had in many cases deteriorated in quality. An obvious result of this was that for the moment he did not need credit but had a large amount of currency to deposit. Almost invariably it is found that in credit societies before the War the loans greatly exceeded the deposits and after the War the deposits exceeded the loans. On the other hand, there was a general shortage of manufactured articles and in fact of everything which could not be grown or produced in the immediate district. Transport in Eastern Europe was slow and bad, railway bridges were usually temporary structures, over which a train could pass only very slowly, rolling-stock was heavily depleted and out of repair, and fuel was bad and insufficient. The need, therefore, was not credit societies but supply societies, which were organized for the distribution of the necessities of life and manufactured goods in general. The formation of these societies was to some extent stimulated by the fact that the government used

cooperative societies of all kinds for the distribution of government monopolies, such as tobacco and salt, during the War.

The Union of Serbian Cooperative Societies at Belgrade (*Glavni savez Srpskih Zemljoradnickih zadruga*), of which M. Avramovitch is secretary, is at once an organizing and a wholesale society. Its function as an organizing body consists of giving advice and help to societies which get into difficulties, auditing their accounts and lending money through the cooperative bank which is affiliated with the Union. Besides the inspection work, the Union has courses in the theory of cooperation, accounting and bookkeeping, cooperative law, management, etc. Its wholesale business is carried on in a storehouse attached to the headquarters of the Union, which has stores of the chief necessities of life. Since the demand for loans has fallen off, the wholesale business has expanded; the general need of supplies felt throughout Serbia has caused a great increase in the wholesale trade. This makes up for the decrease in profits through the bank. The societies pay 10 per cent of their profits to the Union, which is the primary source of revenue.

Serbia is very badly developed as regards transport. There are very few lines of railway and most of the roads are mere tracks, though some main roads have been made and must at one time have been good, but the result of heavy traffic during the War has greatly reduced their quality. During the winter months, when there is not sufficient snow for sledges, the by-roads are practically impassable. This does not, however, very seriously interfere with the economic side of the nation, as what is lost in the easy supply of manufactured goods is gained in the practical self-sufficiency of each district. The Serbian clothes are practically all home-made from wool spun by the women and woven by them. They also weave cotton yarn and hemp, which latter is grown in the country. Some cotton is grown in the southern part of the country; silk is also produced. The principal crops are wheat, barley, oats, maize, rye and roots; a considerable quantity of plums are grown and a strong form of brandy made from them, and the cultivation of vines for wine-making is

pretty general. Cattle-raising and dairy products form another important part of the national economy.

Owing to the difficulties of transport, which were greatly accentuated by the bad condition of the railways already referred to, it was necessary to confine the visits to societies to a small area, and all the societies to which particular reference will be made as examples of the type of society found in Serbia lie in a district about 40 miles south of Belgrade, and in no case more than 10 miles from the main line of railway to Nish and Constantinople. The societies in this area are some of the best in the country and include agricultural distributive societies, implement societies, wine societies and credit societies.

The first society visited was at Mladenovac, a railway station and small country town, where there is a consumers' society, one of the few distributive societies which are not purely rural. It had been founded only seven months and its membership was 75, composed chiefly of employes of the state (post office, railway, etc.) and very few peasant members. The chief goods supplied were sugar, coffee, rice, boots and shoes, clothes, etc., although it supplied a small quantity of agricultural seeds and manures. Its supplies were bought from the Union of Serbian Societies at Belgrade. The fact that Mladenovac is a town implies that there is a greater demand for manufactured goods and for foodstuffs than in a purely agricultural district. The capital of the society is 8,000 *dinars*, divided into shares of 50 *dinars*, of which no member may hold more than ten shares. The turnover averages from 5,000 to 6,000 *dinars* a month, but occasionally the difficulty of getting supplies is so great that business is practically suspended. The society sells considerably cheaper than ordinary shops; for example, coffee was selling at 20 *dinars* a kilo and the current price was 24. The local shopkeepers naturally disliked the society, but so far have made no efforts to organize to undersell it. There was no society in Mladenovac before the War and perhaps local traders had not yet grasped the idea of trying to ruin the society by selling for a time at a loss. The secretary of the society, from whom this information was obtained, was teacher for the local state school, and a full-time

manager was employed at a salary of 450 *dinars* a month. It is probable that the cooperative society in Mladenovac will grow into an important one, as arrangements were being made to start a corn-selling society, which the peasants of the surrounding districts and their cooperative societies were to finance, and it was expected that the state would also come to their assistance. This would undoubtedly cause the cooperative society in Mladenovac to become of more importance to peasants of the neighborhood. The existing society is an example of a society largely created by post-war conditions and the scarcity of supplies.

At Koracica, about six miles from Mladenovac, there are three agricultural societies, a threshing society and a supply society. The village of Koracica is a small group of scattered houses. The peasants are practically all small farmers, with farms ranging from 15 to 30 acres; the biggest farm in the district is only 125 acres. The land is good, a considerable number of cattle and pigs are reared and wheat is grown. There are also orchards and most of the houses have small vegetable patches. The credit society was founded in 1900 by 65 members and in two years increased to 108, but by 1912 it had fallen to 30 members. The reason given by the secretary for this falling off was that the president of the society took more interest in politics than in cooperation, and as a result he offended a large number of the members. Up to the beginning of the World War the membership remained at 30 and during the War the work of the society was suspended altogether. On the Austrians occupying the country, the secretary hid in his shoes such money as he had belonging to the society and tried to escape to southern Serbia. He was not able to make good his escape and had to return, but succeeded in concealing the money. The Austrians destroyed all the books of the society and demolished its premises and furniture, and the result was that it was possible to get only a general statement as to the condition of the society before the War.

The credit society has first of all a savings fund into which each member is compelled to pay one *dinar* a week. The sum formed by these savings can not be withdrawn without the consent of the committee of the society, and if a member wishes

money he must borrow from the society. On the death of a member his savings are payable to his family, but in most cases they nominate one among themselves to take the place of the deceased member. Six per cent is paid on savings and 10 per cent is charged for loans. Besides this compulsory savings fund, members are entitled to deposit money, on which 8 per cent is paid. The society which was founded in 1900 bought a steam threshing set in 1902, which was used to thresh for both members and non-members. The payment for the threshing was taken in kind, 5 per cent being taken from members and 8 per cent from non-members. As the books were destroyed, it was not possible to obtain any accurate figures as to the progress of this society. Figures for the year 1912, however, were available, in which year the savings amounted to 4,098 *dinars*, deposits to 1,284 *dinars*, loans to 1,576 *dinars*, the reserve fund to 500 *dinars*, and that year the reserve was spent on repairing the threshing-machine. The next year for which any figures could be procured was the year 1919, when the savings had reached 4,143 *dinars* and the reserve fund no less than 6,000 *dinars*. This large increase in the reserve fund in the first year after the War was made out of dealings in grain, which was at a very high price in 1919. There were no deposits and no loans made in that year, and the reserve was all spent again in repairing the threshing-machine, which had suffered from want of renewals during the War. Membership in 1919 increased to 120, or four times the pre-war number. This increase is partly accounted for by the fact that, owing to an alteration in the Serbian law, a society which deals with members only is entitled to a reduction of taxation. Up to July, 1920, the savings of the society amounted to 4,669 *dinars*. From this account it would appear as though the threshing society and the credit society were one. In theory, they are two separate societies, and the threshing society continued to work right through the War during the Austrian occupation, while the credit society was brought to a complete standstill. But when it is realized that the committee of these two societies were the same persons, the membership the same, that the books of the prewar and war periods were lost, and that since the War the ac-

counts of the two societies have been kept as a single account, the reader can easily understand that it is very difficult to distinguish between them. The noticeable fact in the above account is that since the War there have been neither deposits nor loans and that the credit society is simply a sort of savings bank which also makes money by owning a threshing society.

The reason why there are no loans or deposits is that the need for loans has practically disappeared, for the reasons already given, while deposits have been attracted to an agricultural supply society, which was formed in 1910 by the same 30 members who formed the credit and threshing society. Its original capital was 665 *dinars*, and it took deposits which came to 1,561 *dinars*. The society had a somewhat inglorious existence up to 1912, when its membership had dropped to 28. From 1912 to 1919 no figures were to be had; by July, 1920, there were 150 members and 50 new applications for membership, but the new members had to wait to be enrolled, as in Serbia the approval of a district magistrate is necessary for the enrollment of members of a co-operative society. The society completely disappeared during the War, so that it may be said that this agricultural society is practically a new creation. In 1912 its turnover came to only about 2,000 *dinars*, while in 1919 purchases amounted to 33,600 *dinars* and sales to 31,400 *dinars*, and in July the capital consisted of 3,295 *dinars* share capital and 3,079 *dinars* deposits, a total of 6,374 *dinars*. The society deals in but few commodities, as the district is practically self-supporting. Its chief business is in clothes and copper sulphate; coffee, salt and matches are distributed through the society by the commune, but are controlled articles. It had just begun to buy pigs and sheep from its members, kill them and sell the dressed meat, but this is only a very small business and amounts to about three animals a month.¹

The members of all the societies in Koracica are much interested in the proposed grain society at Mladenovac, which they think will be a great benefit to the country.

¹ It is interesting to note in this connection that during the last years of the War several Irish agricultural cooperative societies started killing pigs for the benefit of their members.

The biggest wine society in the country is at Selo-Banja, about 15 miles from Koracica. The road is partly an absolute track, with ruts varying from a few inches to a couple of feet deep, and partly a high road, sections of which are excellent and sections almost impassable. Selo-Banja is near a light railway running from Mladenovac to Arangjelovac. The society was founded in 1903 by 19 members; each member took one share of 50 *dinars* for every thousand vines he owned, and the Cooperative Union at Belgrade lent the society two *dinars* for every *dinar* of share capital subscribed. This money was repaid by setting aside 5 *paras* (centimes) for every liter of wine sold. The original share capital was 7,000 *dinars*, so that the society started with a total of 21,000 *dinars*. It was four years before the society had erected its buildings and actually started making wine, and 13 wagon-loads of grapes were made into wine in 1907. Each wagon holds about 10,000 kilos of grapes which makes about 6,000 kilos of wine. By 1911 the society had increased to 100 members, and the capacity of the cellars had to be enlarged from 15 wagon-loads to 95. The books of the society were lost during the War, so that all the information prior to 1918 was derived from the recollection of members, except the price paid for the grapes. In 1911 the share capital was about 50,000 *dinars* and there was no appreciable change up to the beginning of the War. The society buys grapes at the market price from members only and does not trade with non-members, and a bonus is paid out of the profits made when the wine is sold. The following prices per 100 kilograms show the benefit gained by the members of the society:

	Market price	Society's price
	<i>Dinars</i>	<i>Dinars</i>
1911	21.24	30.65
1912	24.65	26.67
1913	28.78	38.68
1914	29.27	44.48

The Austrians had not reached Selo-Banja until October 25, 1915, just at the end of the wine-making season. They seized about 6,000 kilos of old wine, 132,000 kilos of new wine, and 2,000 kilos of brandy. They also seized the society's buildings

and continued to work the society, but in their own interest and not cooperatively. They, however, paid for the grapes they used at a very fair rate, namely, 40 crowns per hundred kilos in 1916 and 50 crowns per hundred kilos in 1917. The rate of exchange between the crown and the *dinar* was quite artificial, as the Austrians compelled the Serbians to take 1 crown for 2 *dinars*.

After the War, the Yugoslav Government stabilized the crown at the artificial price of 4 crowns to 1 *dinar*. The value of money had fallen very heavily between 1914 and 1918, when the Austrians retired. The society was re-formed as quickly as possible after the retreat of the Austrians and actually restarted work on October 26, 1919, exactly four years from the date of its capture. In that year it made 36 wagons of grapes into wine, for which it paid 185 *dinars* per 100 kilos. There were 103 members on the re-forming of the society and by July, 1920, this number had risen to 107. The principal damage done by the Austrians was that they removed most of the small barrels belonging to the society and a number of coopers were busily at work making new barrels.

The society does not confine itself to wine-making, but does a small trade in all kinds of agricultural requirements. The finance of the society is much simplified by credit given by the Union at Belgrade. The usual procedure is that when the grapes have been brought to the society an estimate is made of the value of the crop and 75 per cent of this sum is borrowed from the Union. The market price is then paid for the grapes and when the wine is finally sold the Union is repaid and the balance of profit is distributed among the members in proportion to the grapes supplied. The interest charged by the Union for these short-term loans is 5 per cent and only 3 per cent is charged for long-term loans on buildings. There is a binding rule compelling members to sell their grapes to the society, similar to the rule compelling the owners of cows to bring their milk to Irish creameries, and they are also compelled to keep their vineyards in order, subject to inspection by officers of the society. A member may resign, but his capital is retained for two years as a

security against any damage the society may suffer by his resignation; the liability of shareholders is unlimited. Roughly, one third of the farmers of the district are members of the society. The reason for this comparatively small membership is stated to be local political enmity and personal quarrels in the district. It is to be hoped this regrettable state of affairs will not continue; the society as such is quite non-political.

The manager of another wine society at Smederevo (Semen-dria), a town on the Danube about 30 miles below Belgrade, stated that his society, which was founded in 1909 and began to work in 1911, had suffered more heavily than the society at Selo-Banja, as Smederevo was the scene of heavy fighting, in the course of which the buildings were partially destroyed by fire, and finally the Austrians on their retreat blew up a large ammunition dump, which added to the destruction. They estimated the damage and loss involved at 600,000 *dinars*. This society started with a capital of 30,000 *dinars* and 25 members and increased to 35 members in 1914. It is run on almost exactly similar lines to the society at Selo-Banja, except that the liability of members is limited to ten times their shareholding. The prices paid for grapes per 100 kilograms are as follows:

	Market price	Society's price
	<i>Dinars</i>	<i>Dinars</i>
1911	23.10	23.50
1912	23.55	35.97
1913	32.70	53.69
1914	40.77	62.80

This society had just restarted work in 1920. Smederevo was also the seat of a big grain society which was completely destroyed during the War, but its rebuilding was in progress in 1920.

The Markovec Agricultural Society, about 20 miles beyond Mladenovac on the line from Belgrade to Nish, is the most successful agricultural store in Serbia and in many ways one of the most remarkable of its kind to be found anywhere.

Markovec is a scattered village something like Koracica and Selo-Banja. The Agricultural Society has a two-story building, a rare thing in Serbian rural districts. As usual, the books were lost or destroyed during the Austrian invasion, so that informa-

tion about the Society was procurable only from the recollections of the manager and members. All that was to be learned of the prewar history of the Society was, briefly, that it was founded in 1902 by 25 members, each of whom held one 10-*dinar* share. They sold sugar, salt, coffee, oil, etc. By 1906 the accumulated profits of the Society amounted to 30,000 *dinars*, 10,000 of which they spent on building the premises where they are at present situated. By 1915 membership had risen to 300. Then came the Austrians, who seized everything belonging to the Society, to the value of about 80,000 *dinars*, and did not pay one penny compensation.

The large amount of goods in the Society dated from the Turkish and Bulgarian Wars of 1913, which had had the result of reducing demand and, therefore, left considerable stocks in the hands of the Society. Before the War the Society did a large business in selling its members' products—maize, wheat, corn, eggs, etc.

The Society did not get to work again until January, 1920, and the turnover for the first six months of that year was 126,000 *dinars*, almost entirely derived from the sales to members. The only sales made on behalf of members were 6,000 eggs, valued at 1,200 *dinars*. This was a great falling off since 1915, when they had sold 15 wagons of maize, 3 wagons of wheat and a very large quantity of eggs. The Society deals with non-members, but as there are about 300 members and only 250 houses in the district the non-members' trade is not great. It deals in all classes of the necessities of agriculturists, including clothes, foodstuffs, seeds and manures, etc. Besides being an ordinary agricultural store, the Society acts as a credit bank and performs the function both of the Raiffeisen and Schulze-Delitzsch Bank. It lends money both to agriculturists on ordinary short-term credits and to artisans, shoemakers, etc., and sells the products of these latter on commission. It also takes deposits, which in 1915 amounted to 15,000 *dinars*; 10 per cent is charged for loans and 7 per cent is paid on deposits. Deposits up to 1,000 *dinars* are withdrawable without notice. The Society has also made arrangements for lending money on long-term loans to help members to build houses.

In addition to this, if a member dies leaving no grown family to run his farm, the Society itself will manage the farm for a year to give the member's widow or orphans an opportunity of either disposing of the farm or else of making arrangements to carry it on.

Besides the various economic works above referred to, the Society undertakes social work. Before the War it had a reading room and library, and although the percentage of illiteracy in Serbia is high ¹ about 40 members used the library and members who could read would read aloud to those who could not. All the young people could read, and the reading room and library was a useful social center. The Society also employed a doctor to come twice a week to visit the members, and as medical service in Serbia are not yet developed this was a most useful work. Both these forms of activity had come to a stop owing to the War when the Austrians looted the Society and had not been reestablished by July, 1920, but the Society means to reestablish them at the first opportunity. They had not yet been able to find a new doctor to pay them visits, but this was occupying their minds. They propose adding a bath-house to their other buildings.

To finance its various reconstructive schemes the Society obtained a credit of 100,000 *dinars* from the Union at Belgrade. Up to July, 1920, they had borrowed 70,000 *dinars* and repaid 50,000. The members have so thoroughly acquired the habit of bringing all their spare money to the Society that it never has to borrow large sums for a long period. Before the War the Union used to charge 4 per cent for this accommodation, but since the War it has charged 7 per cent. The Society is governed by two committees, each of three members only—one an executive committee and the second a supervisory committee. The Society has had a little trouble with the local shopkeepers, but is on excellent terms with the dealers in corn, eggs, etc.

This Society is undoubtedly one of the most remarkable instances of cooperative success in a rural district in the world, which is in a great measure due to the devotion and skill of M.

¹ In 1900 only 17 per cent of the population could read and write, but there has been a great improvement since then.

Milojavich, the manager, who has devoted himself to the Society from the beginning. He has found it possible to keep complete harmony in the Society. On a few occasions when conduct of a member has been detrimental to the interests of the community, the man is given a warning that if he does not reform himself within a certain time he will be expelled from the Society. But so far no member has been expelled, because, as M. Milojavich has said, "if we expel a man we lose the whole family, and if the father is not good he may have a good son and it would be a pity to lose the son." M. Milojavich's position lends a somewhat patriarchal air to Markovec and it is probable that so successful and active a Society in a somewhat backward country like Serbia must always owe a great part of its success to the presence of one exceptional man. M. Milojavich may be compared with Mr. Paddy Gallagher of Dungloe in Donegal, who, dealing with a somewhat similar population, has transformed his district from being one of the poorest into being one of the most prosperous in Ireland. But such a society as the one at Markovec tends to be imitated in a greater or less degree and so raise the whole tone of the cooperative movement with which it is associated.

With M. Avramovitch as head of the movement in Serbia and a few men like M. Milojavich to help him, it may be said that there is every prospect that cooperation in Serbia will lead, as much as follow, the agricultural cooperative movements in the world.

CROATIA

The cooperative movement in Croatia was originally divided into three main bodies: first, cooperation among the Croats; second, cooperation among the Serbs; and third, cooperation organized by the Hungarian Government. The last named was organized as a central credit society at Agram and Osijeh. It had considerable state aid. According to the *Bulletin of the International Institute of Agriculture* at Rome, by the end of 1900 it had formed 271 societies, with a membership of 54,952. The object of the society was principally furnishing credit to facilitate the purchase of agricultural machinery and seeds and the purchase of cattle, in all of which works the state came to the aid of the

cooperator. This organization seems to have disappeared entirely. At the Congress of Yugoslav Cooperative Societies, held in Zagreb in June, 1920, this organization was not represented, and any inquiries as to Hungarian cooperative societies were met with the reply that before the War the Hungarian Government had organized cooperative societies as a Magyarizing influence, had given large subventions to these societies, and had in every way tried to induce the peasantry to join them rather than the Serbian or Croatian societies, but that on the separation of Croatia from Hungary the whole of this Hungarian organization had collapsed like a pack of cards, and no trace of it is to be found. It is said that a few individual societies maintained their existence. It was really impossible for a foreigner to judge what actually happened, as no doubt any Hungarian official organization would be greatly suspected after the change of government and would, at the very least, have to lie low for a time.

The other organizations of Croats and Serbs, however, were very active before the War. The political situation was such that both the Croats and the Serbs wished to use every organization they possessed to prevent themselves from becoming Magyarized, and for this reason the cooperative movements always had a semi-political basis, and were regarded with extreme distrust by the Hungarian Government, which, however, was accustomed to play off the Serb against the Croat and so tried to keep the two sections as divided as possible. The local government of Croatia and Slavonia gave certain subsidies to the Croatian and Serb Unions for special purposes and they of course came under the general cooperative law, but in spite of these subsidies and restrictions the unions remained distinctly political and free from government influence.

There are three organizations of rural cooperative societies in Zagreb. The first is the Union of Croatian Rural Cooperative Societies, which has grown out of the Agrarian Bank, a financial institution opened in 1901 for the benefit of cooperative societies. At the end of 1909 this organization included 225 societies with 34,350 members. Besides purely credit business, which amounted to 4,470,000 crowns, it dealt in agricultural goods to the value of

1,385,000. The number of societies before the War in 1914 had risen to 293; on December 31, 1919, there were 313 with 42,449 members or an average of 135 per society, and societies were being formed at so rapid a rate that by June there were 362 societies. The increase in societies is solely post-war, as during the War no new societies were formed. After the War it was found that mere affiliation with the Agrarian Bank was not a satisfactory form of organization for the cooperative societies, whose business was not by any means credit only, but which were beginning to take up all forms of rural cooperative activity. Therefore, the Union of Croatian Rural Cooperative Societies was formed, which is separate from the Agrarian Bank. The new Union is very active and has acquired a site close to the railway where it is building a large store to act as a central wholesale store, both for members' necessities and for selling produce. The store is connected with the railway by siding, and they further hope to set up a factory for the manufacture of fertilizers. The Union comprises 313 societies, which have a total of 42,449 members. The capital to the credit of the Union to the end of 1919 was as follows:

	<i>Crowns</i>		<i>Crowns</i>
Total receipts.....	4,671,000	Personal property of societies	1,134,500
Share capital.....	488,801	Stocks in warehouse.....	10,000,000
Reserves	1,464,600	Savings deposited.....	6,000,000
Current accounts.....	18,000,000	Various securities (bonds, etc.)	628,000

Of course it must be remembered that the value of money has gone down very heavily since 1914.

The second organization originated in the Croatian-Slavonian Agricultural Society, which was an old society founded in 1847 for the purpose of teaching better methods of agriculture, but which in 1911 formed itself into a cooperative society, which concerned itself with the supplying of farm requisites and selling the products of its members, though it continues its primary function of trying to improve the knowledge of agriculture by propaganda.

The third society is the Union of Serbian Rural Banks, founded in 1897. By 1909 it had 2,097 societies with 10,031 members. By 1912 there were 354 societies, of which 216 were in Croatia and Slavonia and 138 in Hungary. This Union is not purely

Croatian, but was formed to be a rallying point for the Serbs throughout all the Hungarian Dominions. In 1914 it had 367 societies, which meant a large increase in the number of societies in Croatia and Slavonia. In 1920 there were about 400 societies with about 26,000 members. This increase was wholly post-war, as during the War the Serbian Union was regarded with extreme distrust by the Hungarian Government and was practically closed down. The increase is in a way greater than appears, as by the Pact of London 10 Serbian societies were lost to Hungary and 25 to Rumania. It is not hard to see why this closing down took place, because both the Serbian and Croatian Unions were regarded by their founders largely as an organization for consolidating the Roman Catholic and the Greek Catholic Slav population of the Hungarian Empire, respectively, and the Serb Union was particularly anti-Hungarian and was the special object of Count Tisza's enmity. The Serbian Union was so entirely conceived with this idea that it tried to form its societies of never more than 100 members, so that each society would be so small that every member would know what the other members were doing, and if they saw any member tending to become Magyarized they would at once take steps to bring him to reason. In fact, the average society had only about 35 members, though in a few cases membership exceeded 100, and one society had 155 members. In villages where there was a large Serb population the custom was to have several societies and the slogan of the movement was, "Serbs, do not give up your land to Austrians or Hungarians, but work to save and keep it for the Serbs." The society worked on the usual Raiffeisen system, but in addition to this had a compulsory weekly payment of 10 to 20 *hellers*, which the member had to pay personally each Sunday. The sum thus accumulated could be withdrawn in five years. This rule was partly designed with the object of making the members meet once a week and so keep the unity on the Sunday intact.

As 80 per cent of the population was illiterate, the necessity of frequent personal contact as a means of preserving unity was greater than would be the case in a more advanced community. It was impossible to get statistics of this society for later than

1912, as the political situation which rose out of the Balkan War of 1913 affected the societies to such a degree that no information was to be had.

The Serbian population of Croatia is on the whole very poor and had evidently been in a very depressed condition, because it was found that when the society was founded the old men would not join it. The societies were much encouraged by the Greek Church clergy, of whom 128 were members. The membership also included 130 teachers, 184 business men, chiefly small shopkeepers, and 648 village artisans, smiths, cobblers, tailors, etc. All the rest of the 13,000 members were either small holders or agricultural laborers, but owned between them about 40,000,000 crowns' worth of property, or an average of about 10,000 crowns a head, or £500.

All these societies, besides doing their usual credit business, now trade in seeds, manures, machinery, etc.

As has been indicated above, the societies belonging to the Serbian and Croatian Unions are principally credit societies, which also deal in agricultural necessities, and sometimes sell on behalf of their members. Before the War the loans always exceeded deposits, but in Croatia, as in other parts of Europe, an effect of the War has been to increase the amount of ready cash in farmers' hands, though their stocks, particularly of cattle, have been greatly reduced. The societies belonging to the Union formed from the Croatian and Slavonian Agricultural Societies were principally buying and selling societies. As in Serbia, there is a general tendency to increase the buying and selling societies and to make these the important branch of the work, while temporarily at least the credit side is comparatively unimportant. It is possible that the fact that the cooperative societies were used during the War as distributing agencies for goods controlled by the Austro-Hungarian Government may have something to do with hastening the change from purely credit work, but it should be mentioned that M. Avramovitch, who is undoubtedly the authority on cooperation in Jugoslavia, thinks that this using of the societies as distributing agencies has not had any appreciable effect upon their nature, though it may lead to the founding of

rural consumers societies, as it will have given members the habit of going to their societies for goods. The chief goods controlled by the state and distributed through the societies were flour, potatoes, coal and paraffin oil, which cover a large section of the necessities of life. In view of this tendency it is well to describe the only cooperative store society belonging to the Croatian Union. It is situated in a small village, Veliki Bukovec. Bukovec is a small village lying about 50 miles north of Zagreb and about 4 miles south of the River Drave, on the plain which runs straight through Central Hungary. It is a scattered village of about 1,000 inhabitants and is part of a parish with a total population of about 7,000. These figures were obtained from the parish priest, and they are probably approximately accurate, but to outward appearances the village looked as if it could not have more than 100 inhabitants. The country around is divided into vast open fields, each of which is divided into small plots of from a quarter of an acre to an acre. There are no fences between the plots; each plot is owned by a different man, and though one man may own many plots it is unlikely that any two of them will be contiguous. The general effect is a large field of small experimental plots. The chief crops are maize and peas planted together, wheat, barley, oats, beets, lucerne and other forage crops. There is one big landowner in the district with a very up-to-date farm with tractors, threshing machine and a mill, which supplies electric light to part of the village and grinds grain for the whole district.

There are two cooperative societies, one a credit society and the other a store society. The parish priest is the vice-president and general adviser of both societies; the big landowner is president, but as he resides at Bukovec for only part of the year he is not able to keep in very close touch with the societies. The credit society was founded in 1901 as an ordinary Raiffeisen society. The books and money are kept by the parish priest; it has also a small library and reading room and occasionally procures lecturers to give talks on agricultural subjects. Before the War the society loaned up to a limit of 1,500 crowns, and in 1920, owing to a depreciation of the crown, it loaned up to 15,000. The small-

est loan used to be about 60 crowns, but had risen to 400. The average loan is for three years and the maximum period for which a loan is made is six years. Loans were made at 7 per cent and depositors were paid 5 per cent, but, as the amount of deposits since the War has risen greatly and exceeds the loans, the rate of interest on deposits has been reduced to 3 per cent. Surplus deposits have been lent to the agricultural society, or placed on deposit with the Union at Zagreb. The following table shows the amount of deposits, loans and profit for the years 1911 to 1919, inclusive:

Year	Deposits	Loans	Profits
	<i>Crowns</i>	<i>Crowns</i>	<i>Crowns</i>
1911.....	270,208	329,299	
1912.....	304,221	382,781	
1913.....	375,847	396,162	4,250
1914.....	393,745	407,032	4,500
1915.....	519,989	295,429	3,300
1916.....	725,532	223,642	2,600
1917.....	845,722	222,219	2,000
1918.....	1,019,338	230,965	
1919.....	1,393,815	250,060	6,870

From this table it can be seen that there has been a very remarkable change in the proportion of deposits and loans.

The store society at Bukovec was founded in 1903 and was the only store society of its kind belonging to the Croatian Union. The membership was practically the same as the credit society, namely, in 1914, 544; in 1918, 546, and in 1919, 547, so that its membership has not been affected by the War. The premises consisted of a small one-story building with a shop and a yard behind, where there are stores, etc. The shop dealt in general goods, such as coffee, candles, soap, hardware, and the stores in grain, salt, agricultural machinery, etc. The society also dealt in seeds. Besides selling goods to its members, the society buys their grain and other farm produce. It is managed by a committee and manager, who estimated that about 70 per cent of the produce of the members was bought by the society. The wheat

and maize are ground in the landlord's mill and the flour sold to members; the surplus used to be sold to Hungary, but since the War has been sold to Triest. The Union at Zagreb is undertaking the selling of products, and hopes in time to sell all the products of its member societies, but up to 1920 it had been able to take only a small proportion. Eggs are sold by the society to egg merchants. In 1919 more than a quarter of a million eggs were packed and sold, but no attempt is made at numbering or grading them. The society trades with non-members.

There is an ingenious system of dealing with the profits, though one which is open to criticism, namely, instead of distributing them on the Rochdale plan, 50 per cent of the profits are devoted to increasing the value of the shares and 50 per cent to the reserve fund. The shares were originally valued at 10 crowns, and the liability of the members was three times the value of the share. By 1919 the shares had risen to 150 crowns, and the liability had increased in proportion. There are obvious disadvantages in this arrangement, though it has the compensating advantage that members who refuse to join the society in its early days find when they wish to join that they must pay a penalty for their lack of faith in the society. On the other hand, the liability of members increases with the prosperity of the society, and bad bookkeeping might lead to serious trouble. By 1920 the shares were worth nearly 200 crowns, but the parish priest made a proposal that the shares should be divided into two, and the members permitted to sell one of their shares; this would mitigate some of the disadvantages of the present system. The following figures show the growth and the position of the society:

Year	Turnover	Share capital	Value of shares	Profits	Members
	<i>Crowns</i>	<i>Crowns</i>	<i>Crowns</i>	<i>Crowns</i>	<i>Crowns</i>
1914.....	398,929	23,392	43	18,945	544
1915.....	619,733				
1916.....	585,083	35,360	65	37,834	544
1917.....	746,065				
1918.....	1,292,332				546
1919.....	4,170,179	82,050	150	198,307	547

The present position of the society is good. It has a share capital of 82,050 crowns; reserves, 96,835; capital borrowed from the local credit society, 206,990; fittings, etc., written down to 500. It has 500 crowns' worth of shares in the Union and 1,500 in the agricultural bank from which the Union sprang, and 9,718 crowns of War loan.

Another society belonging to the Croatian Union is the Dairy Society at Ricica, about 10 miles from Karlovac. This was a credit society founded in 1911 with 38 members. It would be merely wearisome to repeat long lists of membership and figures, but by 1920 the society had 230 members, 139,600 crowns deposited with it and 118,400 crowns on loan. This credit society started a cooperative dairy. It originally supplied whole milk to Zagreb, where they set up a retail shop, but lately they sold all their milk to the railway administration for the use of the employes. Any surplus milk was made into cheese. Before the War the society made no butter, as Danish butter was cheaper in Croatia than Croatian butter, but during the War butter was scarce and so the society began butter-making. The Croatians eat comparatively little butter. Of the 230 members, about 200 can supply milk from a total of about 600 cows. Only the evening milk is sent to the society, as the members keep the morning milk for their own use. The average daily supply was about 750 liters in 1920, but this was a decided falling off owing to a bad outbreak of foot and mouth disease. In 1919 the average receipts were about 2,000 liters. During the War about 300 cows were requisitioned by the government. The society's premises were very small, being only two rooms in what was the gate-lodge of a country house, and had very little machinery. However, the society is expanding rapidly, and has taken over the country house of which it formerly occupied the gate-lodge and is turning it into a well-equipped dairy and mill. There will be also a saw-mill and a threshing plant all run by a 60-horsepower engine.

At Karlovac there is an agricultural society belonging to the *Union des Agriculteurs*. This society, which was founded not long before the War, was not able to do much until 1919, when its membership was about 200. By 1920 its membership had risen to 500 and its turnover to 5,000,000 crowns. Shares were

100 crowns each and liability 500. The society supplies only agricultural requirements to its members and does not sell on their behalf. All members have to pay for their goods in advance, so there is not much need for capital. As Karlovac is an important town on the railroad about 30 miles from Zagreb, the societies there ought to flourish.

Another interesting form of society in Croatia is the cattle-breeding society, of which the one at St. Ivan Zabno is a good example. It was founded in 1907 as a result of the importing of a number of pure-bred Simmenthal cattle in 1905 by the Croatian Government. The society was organized by a notary in the village, who persuaded some of the peasants to go to Baden to see how cattle-breeding societies were run. The Croatian Government gave a grant to pay for the transport of cattle, and year by year more cows were bought, each person who bought a pedigreed cow becoming a member of the society. By 1920 the society had 400 members and 1,500 beasts. Each member had to undertake to keep Simmenthal cattle only, and such was the value of the pure-bred cattle that they were excluded from requisition during the War. Subscription to the society is 1 crown per cow registered and 1 per cent of all sales of cattle. The society keeps a register of cows born, a pedigree book and a sales book. By a rigorous system of examination and exclusion tuberculosis has been reduced to 2 per cent among the registered cows. Before the War an official was employed to test the quality of the milk, but since the War this has been dropped, and the quantity only has been registered by a number of controllers, each of whom tests 20 cows and tests the yield once a month.

These examples of societies will serve to give the reader an indication of the form of cooperation in Croatia.

The type of society in Croatia is becoming more varied and the number of societies is steadily and rapidly increasing. The only obstacle to success is the fact that the movement is split up into three sections, each working independently. This is due to the unfortunate history of the country, but now that it is free there is a good chance of uniting all sections of the people into one strong movement. The fact that the relations between the three bodies are of a most friendly nature should make unity easy.

SLOVENIA

Slovene cooperation has its chief center at Ljubljana (Lai-bach), though there is also a cooperative community at Celje (Cille), which in 1918 had 109 credit societies, 28 agricultural purchasing societies, 5 wine societies, 4 dairy societies and 1 miscellaneous society. Ljubljana is the center of three cooperative unions, of which the most important is the Zadruga Zveza, which was founded in 1900. The Zadruga Zveza is, like the Croatian unions, a very clerical body, and is largely controlled by the priests (Roman Catholic). At the end of 1919 this union had founded societies of which 25 were Raiffeisen credit societies, 40 Schulze-Delitzsch credit societies, 66 agricultural societies for the sale of seeds and manures, 29 dairy societies, 39 cattle-breeding societies, 25 machinery societies, 4 wine societies, 4 building societies and 19 home-industry societies. The union had three local federations. This is, however, an overestimate of the strength of the union, as over 100 of the societies on the list of membership are in territory which has been given to Italy and therefore presumably will not be able to remain members of the union. There are about 375 societies inside Yugoslav territory. Cooperation among Slovenes is more varied in its nature than among the Croats, partly because the Slovenes, being under Austrian rule, had more opportunities for development. The standard of education and general civilization is slightly higher in Slovenia than in Croatia, though Croatia will probably develop rapidly now that it is free, and, further, Slovene cooperators do not approve of having a single society which does credit, trading, dairying, and so on.

On the whole, the societies in the Slovene union did not suffer much during the War; the type of society which suffered most was the dairy society, as 50 per cent of the cattle were requisitioned for military purposes. There was also a shortage of food-stuffs and labor. The three combined have had the result of causing a great scarcity of milk, and as the price of milk rose, butter-making ceased. There are plenty of calves, however, and Slovene cooperators expect to have their dairy societies at work again by 1922. The table on page 31 shows the general position

of the union since 1900, from which its general position before, during, and after the War may be gathered.

This union does not seem to have suffered from political persecutions during the War, as did the unions at Zagreb. In 1920 it was spending rapidly and had taken part in setting up a factory for making agricultural machinery, which was built in a barracks which had constituted the headquarters of Bavarian troops during the War. The union owns 35 per cent of the capital of the factory, it has a fair-sized wholesale store, and it takes both grain and produce from the members and sells them necessities of life, such as agricultural machinery, foodstuffs and cloth. This union is not wholly agricultural, as there is a workers-consumers society in Ljubljana with 12,000 members.

The second union at Ljubljana is the Zveza Slovenskih Zadruga, which is an anti-clerical body run by national democrats. This body claimed to be more patriotically Yugoslav than the Zadruga Zveza, and maintained that the clerical party agreed to support Austria until it saw that the Austrian Empire was certain to break up. Whatever may be the merits and demerits of the representative unions politically, the democratic union which was founded in 1907 was much smaller than the other unions. It was not so easy to obtain figures, as the director was away and the books not available. The last published figures were for 1918, which showed 117 societies, of which 70 were credit societies, 7 dairy societies, 20 consumers societies, 3 wine societies, 10 home-industry societies, 2 building societies, and 5 miscellaneous societies. Of these, 44 are now in Italian territory. The societies are chiefly formed of town workers; there are only 9 definitely agricultural societies, though the credit societies include some peasant members. The majority of the societies are small and include various forms of activity. In Ljubljana itself there are 8 societies belonging to the union, which are: (1) a porters society, with 33 members; (2) a consumers society for employes, with nearly 1,000 members; (3) an ordinary consumers society; (4) a poultry society; (5) a sort of a club for propaganda and literature, which is only registered as a cooperative society to avoid legal difficulties; (6) a printers productive society; (7) a

FINANCIAL CONDITION OF THE SLOVENIAN UNION, 1900-1919

Year	Societies	Capital	Turnover	Deposits from credit societies	Credit given to societies	Profits	Losses	Reserve
		K. v.	K. v.	K. v.	K. v.	K. v.	K. v.	K. v.
1900	1,323 ^c	51,997	5,167,557	151,323	146,173	11,265	10,547	11,265
1901	1,514 ^c	68,030	7,692,968	33,138	39,688	41,312	20,008	35,000
1902	1,656 ^c	76,460	8,430,743	70,520	91,475	6,839	23,592	41,839
1903	1,694 ^c	84,456	27,655,072	3,058,825	3,061,879	68,594	34,400	101,434
1904	224	90,958	26,668,499	4,357,894	4,366,102	38,025	25,253	148,460
1905	285	117,356	32,036,748	5,498,802	5,467,785	36,509	23,971	184,969
1906	341	159,016	43,777,396	6,922,696	6,875,789	41,525	4,391	226,495
1907	433	197,740	52,657,673	9,183,036	9,031,659	7,024	19,344	207,151
1908	516	239,060	93,505,327	11,186,459	10,536,243	71	16,538	214,175
1909	543	280,830	105,500,991	13,218,000	12,487,421	33,531	41,839	197,637
1910	608	329,574	116,247,163	13,861,650	12,780,711	59	41,839	231,169
1911	642	362,860	102,125,575	14,106,156	12,604,335	37,661	19,344	266,827
1912 ^a	668	392,130	99,344,702	14,136,081	12,759,269	83	19,344	266,827
1913 ^a	682	398,430	68,371,454	15,565,914	12,820,295	83	19,344	266,827
1914 ^b	591	408,310	79,544,415	15,418,777	12,804,126	71	19,344	266,827
1915	585	410,200	159,331,418	25,707,462	12,042,049	72	16,538	207,151
1916	585	366,360	373,203,236	54,135,747	17,055,870	59	16,538	214,175
1917	456	364,580	396,839,894	52,767,614	23,175,478	87	16,538	197,637
1918	462	365,610	525,893,000	114,223,866	18,495,434	87	16,538	231,169
1919	492	366,100	694,806,897	121,482,608	37,491,259	61	16,538	266,827

^a Balkan War—1912-13.^b In 1914 several societies in Dalmatia were handed over to the Union at Split.^c Originally the members of the Union were individuals. Later only societies were allowed to be members.

schoolmasters society for getting theses, etc., printed; and (8) a bootmakers society for purchasing leather.

The democratic union was regarded with suspicion by the Austrian authorities during the War, and, as the societies were all formed, like the societies in Croatia, with the object of opposing the Austrian Government as well as performing their economic functions, this is not surprising. The Austrian Government endeavored to centralize all cooperation at Vienna, and administer the cooperative societies throughout Austria and her dependencies from there.

The following figures show the development of the union :

Year	No. of societies	Shares held (10 crowns each)	Total credit and other dealings
			<i>Crowns</i>
1909.....	44	8,039	22,224,640
1911.....	160	8,906	5,831,536
1913.....	136	8,426	15,399,924
1914.....	126	8,091	4,664,568
1915.....	123	7,576	5,030,253
1916.....	118	7,565	7,857,774
1917.....	117	7,141	10,826,719
1918.....	117	7,050	17,093,338

There is a third union at Ljubljana, which is non-agricultural and is socialistic in tendency; it is called Pravila Nakupovalne Zadruga. This union has consumers societies all over Slovenia. The societies all consist of members of the People's Party of Slovenia or of the Yugoslav Socialist Party. The total membership is 220,000, of which 150,000 are active members. The societies sell all kinds of goods. Within the first five months of 1920 it had sold goods to the value of a hundred million crowns; it had proposed to set up a mill and bacon factory. Although composed of members of socialist tendencies the society does not take part in politics, and a curious feature of it is that the owners of big works who set up shops for supplying their workers are able to become members of this union. The union has 13 centrals which are divided up into about 80 consumers societies. The members are nearly all workers in factories, and very few peas-

ants belong to it. It can not be regarded as purely cooperative, since a number of the societies seem to be practically the property of the owners of big factories. This union was founded in 1919, so that all the information obtained about it was tentative, and it is difficult to come to any definite conclusion as to its functions or prospects.

DALMATIA

The Dalmatian Coast has two cooperative unions, one at Split (Spalato) and the other at Dubrovniku (Ragusa). The latter was the smaller of the two, and in 1914 it had a total of only 58 societies, of which 51 were credit societies, 2 machinery, 3 fishing and 2 subunions. The first union is considerably bigger, with a total of 296 societies in 1914, which had fallen to 256 by 1920, and of these 122 were in territory occupied by the Italians. However, by the Treaty of Rapallo the greater part of this territory was handed over to Yugoslavia. Of the 256 societies, 182 were credit, 29 consumers, 14 fishing, 11 oil-making, 1 beekeeping, 2 wine, 1 mill, 1 assurance, 2 publishing, 1 shipbuilding, 2 perfume, 3 stonecutters, and 7 miscellaneous, which include 2 for owning ships. It was difficult to get any accurate information about the societies in this union, as communication was exceedingly difficult in Dalmatia in 1920. The accounts of the union were also not to be had.¹

The usual change in credit societies from lending more than was deposited with them to having larger deposits than loans was noticeable in Dalmatia also. A description of three typical societies at Bol in the Island of Bracu will serve to show something of cooperation on the Dalmatian Coast.

The first of these was a credit society which was founded in 1911. All information before and during the War has been lost, but the secretary said that before the War the society had been

¹ Split was the only place in Yugoslavia where I found any difficulty in obtaining information. A state of extreme political tension as between Yugoslavs and Italians existed; the former state that were it not for the presence of American warships in the harbor they would be completely at the mercy of the latter. In the islands off the coast political tension was, if anything, greater, and the old saying, "Austrian rule is European, Hungarian rule is Asiatic," is completed by the phrase "Italian rule is Hottentot." To an Irishman visiting the country, the accounts of Italian atrocities did not sound very bad.

bigger than in 1919, when it had 120 members. The demand for loans had fallen off considerably, so that only 80,000 crowns were lent during that year, while deposits reached 600,000 crowns. The society had only about 50 members at its inception. It has undertaken a certain amount of store business—selling food-stuffs—since the War, and may gradually develop into a store society. This, the reader will have noticed, tends to be a common feature among all the credit societies of Jugoslavia.

The fishing society, which has 44 members, includes nearly all the fishermen in Bol. The fishing is for sardines and mackerel. The former are caught at night; they are attracted to the boats by big acetylene lamps and then caught in nets. The boats are all small and are manned by three or four men, one of whom is a skipper. If the fishermen are in need of money they can get payments on account of fish brought in, and the balance is paid to them at the end of the season. The mackerel are salted and exported to the United States. The following figures show the progress made by the society:

Year	No. of members	Share capital	Turnover	Profits
		<i>Crowns</i>	<i>Crowns</i>	<i>Crowns</i>
1913.....	33	3,280	.....	2,939
1916.....	32	3,780	.....	3,816
1919.....	44	4,060	445,636	63,336

The wine society, which is the biggest on the Island, was founded in 1903. The Island is partly farmed by large owners and partly by small tenants who hold on the Mezzadria system. The land question on the Island is acute, and, as a result of a land campaign, the proportion of products taken by the landowners from the tenants has been reduced. The members of the wine society are chiefly big landowners, as the small tenants distrusted the society and would not join. This distrust was largely created by the local wine buyers. This society, which had started with a membership of 53, had risen to 91 in 1908, in which year there was a very serious crisis in the wine trade. This crisis was fol-

lowed by the War, so that by 1915-16 membership had fallen to 44; by 1920 it had risen again to 53. The share capital at the founding of the society was only 15,700 crowns; in 1916 it increased to 16,000; the reserves which had reached 13,000 in 1904 had entirely disappeared by 1914. In 1915 the society began to revive in spite of the War. In that year the reserves rose to 17,200 crowns; by 1916 they had risen to 50,000; by 1917, to 300,000, and by 1919 they had over half a million. But this latter figure should be divided by 10 if it is to be compared with prewar figures. Share capital in 1919 was 26,500. A new crisis rose in 1919, as phylloxera attacked the grapes. American vines have been introduced to meet this. The society pays a portion of the price of the grapes to the members as soon as they are delivered and the balance if the wine is sold. The society always supplied sprays and spraying machines to members, but during the War it also took to supplying grain, fats, oil and sugar, and it continued to deal in these articles. There was a very great demand for wine during the War, as a result of which the stocks of the society were depleted. The wine made from the American grape is not liked as much as wine from the native grape. This may be to some extent because the American grape is new, and they have not yet found the best means of treating and blending wine made therefrom. The amount of wine made rose from 985 hectoliters in 1903 to 2,840 in 1913. This high production was maintained until 1916, but in 1918 it had fallen to 1467, and phylloxera in 1919 reduced it further to 537—the lowest figure since the society was founded.

BOSNIA AND HERZEGOVINA

Montenegro was difficult of access in 1920, nor was there sufficient indication of there being organized cooperation there to justify a visit, but Bosnia and Herzegovina have an active and extended cooperative movement among the Christian inhabitants. The general problems in these two provinces, which formed one administrative whole, are, owing to historical causes, somewhat different from those in the rest of Yugoslavia. These provinces were under Turkish rule until 1878, when they were handed over

to the Austro-Hungarian Government for administration, and were finally annexed by Austria-Hungary in 1908. The population is 90 per cent agricultural, and the only big town is Sarajevo, with from 50,000 to 60,000 population. Under Turkish rule there was considerable oppression, which was carried on on lines similar to the Penal Code in Ireland. Any Christian becoming a Mohammedan was entitled to hold land, but Christians who stood by their religion were reduced to the position of serfs. As a result of this a large number of the Christian Croats and Serbs embraced Mohammedanism, so that in 1912 out of a population of 1,962,200, 626,649 were Mohammedans, almost entirely descendants of renegade Christians, as the number of actual Turks in the country was very small. As is natural, the renegades were detested by the Christians, but up to the War all the land belonged to them, and up to the annexation by the Austro-Hungarian Government the Christian peasants were literally serfs. It is certain that the Mohammedans will be deprived of nearly all their land, and the burning question in 1920 was whether they should get compensation or not. If the matter were left in the hands of the local government of the provinces there is very little likelihood that the Mohammedans would receive any compensation, but the government at Belgrade may be unwilling to create a precedent of this nature. Of the Christians, about two thirds are Serbian Orthodox and one third Roman Catholic. There is no cooperative movement among the Mohammedans, who are chiefly traders when they are not land-owners, who may cultivate a small portion of their land and sublet the rest. There are some signs of the Mohammedans forming cooperative societies, but there is little or no chance of their being admitted to Christian societies for some time to come. If they are reduced to poverty they will probably be driven to some form of cooperation. As in Croatia, each of the Christian churches has its own cooperative movement, which division was encouraged by the Austro-Hungarian Government in Bosnia as elsewhere.

The Serbian movement is the strongest and oldest of the two. By 1912 the Serbian movement had 98 societies belonging to it.

The movement is much controlled by the priests, but there is a desire to get the movement into lay hands, and for this reason efforts are being made to train lay managers or secretaries. Of the 98 societies in 1912, only 75 furnished returns, which showed 2,553 members, or an average of 34 per society.

For political reasons, as in Croatia, the Serbs deliberately kept their societies small, and regarded 90 as the largest number permissible in one society. Of the 2,553 members, 2,409 were farmers and the remainder small shopkeepers who usually also have small farms, priests, teachers, artisans and government employes. The capital of the society was 31,226 crowns, and the loans made 485,434. Below is a rough balance sheet for the year 1912 and a list of purposes for which loans were made, which gives a general idea of the nature of their activities. By January, 1914, the number of societies had risen to 106 and the members to 3,295. On the outbreak of war the Austro-Hungarian Government practically suppressed the Serbian union at Sarajevo and practically liquidated it. But the societies continued to work, though in a somewhat restricted way, and membership fell, so that by December, 1919, when it was possible to begin work again, there were only 2,958 members. In 1919 there was a great revival; the union was put on its feet again, and about 150 new societies formed, but the dislocation caused by the closing down and the difficulties of communication, etc., owing to dislocated railway service and general disorganization, made it difficult to get full information about the work in progress.

In 1912 the capital of the societies was 31,226 crowns, and the loans made by societies to their members 485,434 crowns, for the following purposes:

	<i>Crowns</i>
Purchase of cattle.....	79,478
Purchase of land.....	90,679
Machinery and implements.....	17,239
Rent of land.....	4,086
Buildings	38,306
Cultivation of land.....	5,584
Sulphate of copper.....	933
Food and seeds.....	74,463
Cattle food.....	9,248
Payment of debts.....	56,152
Taxes	9,609
Medical service and medicine.....	170

The position of the societies as a whole on December 31, 1912, was as follows: ¹

Debit	Crowns	Credit	Crowns
Owing to the Union and other banks	396,497	Cash in hand.....	31,226
Deposits of members.....	111,417	Loans (as above).....	458,434
Shares	31,778	Grain held by societies.....	10,146
Reserve	9,840	Stocks in hand.....	6,825
Balance	5,844	Establishment charges (repay- able in 5 years).....	2,448
		Real property.....	20,380
		Implements	5,915
		Shares held by societies in the Union	20,000
Total	555,376	Total	555,374

During the year 1912 the income and expenditures of the societies were as follows:

Income	Crowns	Expenditures	Crowns
Shares	33,923	Shares	2,145
Reserve	9,840	Repaid on loans from Union and banks	120,454
Borrowed from Union and banks	516,952	Deposits withdrawn.....	72,329
Deposits	183,747	Loans made.....	664,372
Loans repaid.....	205,937	Equipment	7,154
Equipment	328	Establishment expenses	9,078
Establishment expenses.....	6,629	Interest on loans.....	23,789
Interest on loans.....	41,782	Real property.....	24,668
Real property.....	4,287	Agricultural implements.....	11,062
Agricultural implements.....	5,147	Shares in Union.....	20,000
Shares in Union.....			4,927
Interest on share capital.....			13,732
Cash in hand.....	6,510	Cash in hand.....	31,226
Rent, etc.....	26,126	Rent	36,272
Total	1,041,208	Total	1,041,208

On December 31, 1918, the position of the societies, which numbered 106, was as follows:

Debit	Crowns	Credit	Crowns
Share capital.....	30,602	Cash in hand.....	90,568
Due to Union and banks.....	278,430	Loans to members.....	478,120
Deposits of members.....	251,040	Bonds and scrip.....	33,631
Savings (withdrawable after 5 years).....	76,446	Deposits in Union and banks.....	71,547
Reserve	28,289	Grain	1,054
Balance	34,445	Fittings, etc.....	11,732
		Establishment expenses	419
		Real property.....	10,056
		Agricultural implements.....	2,123
Total	699,252	Total	699,250

¹ The apparent inaccuracy of addition is due to the fact that *hellers* have been omitted in all the following tables.

The position of the Union in 1913 was as follows :

Debit	Crowns	Credit	Crowns
Share capital.....	30,900	Cash in hand.....	459
Creditors' current account.....	371,475	Cash on current account in bank.....	401,676
Owing to Central Bank.....	468,000	Security	468,000
Reserve	1,545	Printing works.....	5,884
Balance	5,275	Fittings	1,175
Total	877,195	Total	877,194

The position of the Union in 1919 was as follows :

Debit	Crowns	Credit	Crowns
Share capital.....	35,300	Cash in hand.....	23,135
Creditors	221,359	Loans	439,762
Owing to bank.....	659,100	Securities	468,000
Reserve	203,276	Goods	8,100
Balance	11,060	Sundries ^a	
Total	1,130,195	Total	1,130,195

^a This item could not be verified and has therefore been left blank.

Up to May 29, 1920, the dealings of the Union were as follows :

Debit	Crowns	Credit	Crowns
Share capital.....	35,200	Cash in hand.....	790,832
Creditors	1,683,722	Loans	205,370
Owing to bank (security deposits)	663,956	Bonds and scrip.....	20,000
Reserve	203,186	Securities	663,950
Balance	254,291	Goods	1,156,688
Total	2,840,357	Agricultural implements.....	3,510
		Total	2,840,357

The Croat union in Sarajevo really began its work in 1904, when the first society was formed. It developed slowly and by 1908 there were only 5 societies. By 1914 the total had risen to 64, all of which were Raiffeisen credit societies, but which did a general business in buying and selling. Their union began with the cooperative bank, which was founded in 1910 with a capital of 2,000,000 crowns, but this was found to be too small to be of much use, and in 1915 they started doing their financial work through the Croat Agricultural Bank at Zagreb. The number of societies remained unaltered during the War. The total membership reached 9,391. The Croats did not make particular efforts to keep their societies small; they varied in size from 14

members to 746, which was the largest. In November, 1919, they decided to form a regular union of Croat cooperative societies in Bosnia, and by June, 1920, great strides had been made—a new union with 86 societies and 1,500 members was formed. It was not possible to procure figures for the War years, but on December 31, 1913, 59 societies furnished returns, which showed a total of 1,789,739 crowns lent and 1,285,022 crowns on deposit. During the War the societies were very delinquent about furnishing returns, as the work of the societies was practically confined to collecting their debts. Deposits, however, were flowing in, and by 1919 had risen to about 5,000,000 crowns. The amount out on loan was not ascertainable, but it is said to be very small. The share capital reached about a quarter of a million. This is another example of the alteration in the position of the farmer caused by the War.

Both the Croat and the Serbian unions did good business for their members in selling their crops cooperatively. Before co-operation was introduced, peasants used to sell their crops standing in the fields to corn merchants, who could give practically any price they chose. The cooperative method is that each peasant reports the quantity of grain in his barn to his society. The society watches the markets and waits for a suitable opportunity of selling. Meanwhile, if the peasant wants money he can borrow it on the security of his grain at 5 per cent and the society repays itself when it sells the corn. The unions are trying to organize the grain-selling on a big scale, but they find this difficult, as the local societies like selling it themselves, and are pleased, just as some of the creamery societies in Ireland are pleased, if they can sell at a slightly higher price than their neighbors, though they would probably get better prices by selling as one unit. There are very few cooperative stores in Bosnia, though the credit societies do a certain amount of store business.

The heads of the cooperative movement are anxious to unite the Serb and Croat unions. The chief obstacle is that both unions are somewhat clerical in nature, and the priests of the respective churches, who have done admirable work for cooperation in Jugoslavia, are in many cases secretaries of the societies. Education

is not widespread, and there is difficulty in obtaining trained lay managers. Although the fact that the priests have a large measure of control in the two unions has doubtless had considerable effect in helping them to overcome their early difficulties and has provided them with a stabilizing and educative element to guide them, it is felt that it will be difficult to secure complete unity of purpose between the two groups until there is a larger lay element in both unions, and classes are being formed for training managers. Once the peasants can be brought to see the full advantages of the cooperative system, there ought to be a big future for Bosnian cooperation, as the peasants have large sums of money which they keep in their houses because they do not yet appreciate the advantages of banking. As a result of this system of hoarding money, many of them lost large sums of money at the conclusion of the War, because on the conversion of the currency from Austrian to Yugoslavian many of the more ignorant peasants failed to realize the necessity of getting their money stamped with the Yugoslav stamp. The new national spirit, which tends to abolish the old standing differences between Serb and Croat, Roman Catholic and other Christian bodies, should help to strengthen the cooperative movement throughout Bosnia and to improve the general conditions of the country.

INDUSTRIAL COOPERATIVES IN JUGOSLAVIA AND GENERAL CONCLUSIONS

This report has dealt so far entirely with agricultural cooperation, as industrial cooperation in Yugoslavia is a very small and unimportant movement. There are, however, some signs that the cooperative movement in its industrial distributive form will develop, though for many years to come it is unlikely that it will compare in importance with the agricultural movement. The signs of the existence of an industrial movement are chiefly to be noticed in Zagreb and Ljubljana. In Zagreb there are two consumers societies, the first of which is a socialistic society founded in 1910. This society is run on what may be described as purely Rochdale lines. It differs from the ordinary English consumers society in that it is directly socialistic in tendency, and it regards

the agricultural societies as purely capitalistic bodies, and their movement as part of the "*junker politik*." The society aims at controlling production, but, so far, has succeeded only in establishing a small boot factory which employs about 30 workers. This factory was opened about the beginning of 1920. The society has 30 branches, some of which are in country districts, but it does no agricultural business. It has a considerable connection with the trade-unions of Croatia, though it is not officially united with them, but the leaders of the trade-unions take an interest in the society and in some cases the trade-union leaders are members of the committee of the cooperative society. The society had only 160 members before the War and by 1916 this number had fallen to 64. In 1917 the society began to make progress, which was probably due to the pressure of the War, which made combination to buy cheaply more important than in prewar days. In 1917 it had 763 members, and in 1918, 3,219, in 1919 it rose rapidly to 12,957, and in 1920 it had about 16,000 members. The share capital, which in 1911 was 4,300 crowns, had fallen to 2,400 in 1916, and by 1919 had risen to 669,000. The sales and gross profits for the period 1914 to 1919 were as follows:

Year	Sales	Gross profits
	<i>Crowns</i>	<i>Crowns</i>
1914.....	54,000	4,900
1916.....	42,000	8,900
1917.....	182,000	29,000
1918.....	976,000	130,000
1919.....	10,120,000	1,308,000

The net profits were 7,738 crowns in 1911; then followed four years of loss. In 1916 a net profit of 1,418 crowns was made, and in 1919 a profit of 535,000 crowns, which, even allowing for the decrease in the value of money, meant an enormous improvement. The society does not take an active part in politics, but all its members are Socialists.

There is also in Zagreb a consumers society for employes (government, railway, etc.). It was founded in 1919, but did

not begin work until February, 1920, when it had 8,000 members. It had already a large warehouse for goods which was well stocked and had bought foodstuffs to the value of 20,000,000 crowns. The shares were 200 crowns each. Seven millions were lent by the government. It is impossible to give any details as to the working of this society, as it had only begun to work.

The third union described in the part of this report which deals with Slovenia, the Pravila Nakupovalne Zadruga, may also be considered as to some extent part of the industrial consumers movement. There are traces of consumers societies started by the Socialist parties in Sarajevo and Belgrade, but so far they are not of importance, though they may possibly grow.

CONCLUSION

The cooperative movement in Jugoslavia as a whole, that is to say, the agricultural cooperative movement, is changed from a movement whose chief object was to preserve Slav independence to a purely economic movement for the uplifting of the South Slav race. As has been mentioned from time to time in this report, there are signs that an attempt is being made to unite Serb and Croat societies in the different centers. Besides this, there is a big movement to unite the whole agricultural cooperative organization of Jugoslavia into one big union which is called the Union of Unions. This movement started in 1919, when a congress was held at which it was decided that the Union of Unions should be founded. The second congress was held on June 11, 1920, at Zagreb, at which 12 unions were represented, namely, 3 at Zagreb, 2 at Ljubljana, 1 at Celje, 1 at Split, 1 at Dubrovnik (Ragusa), 2 at Sarajevo, 1 at Osijek and 1 at Belgrade. A three days' session was held, and it is hoped that the Union of Unions will in time become a center of credit, purchase and organization for the existing unions, but up to the present it is only a body with advisory and moral powers. There seems to be considerable enthusiasm for the Union of Unions and there is every prospect that it will become a very powerful body for the advancement of cooperation in Jugoslavia. The details of the organization remain to be worked out, but where the desire is strong the achievement can not be long delayed. A stranger vis-

iting Yugoslavia can not fail to be impressed with the strong national feeling which the new state has called into life. This manifests itself also in the cooperative movement, and the Union of Unions must be regarded as one of its results. At present, its headquarters are in Belgrade, and its secretary, Dr. Prohaska, an authority on land reform in Yugoslavia, was most kind and helpful to the author. It is impossible to say more about the Union of Unions now, but cooperators in other countries should keep their eyes on it if they wish to follow the fortunes of Yugoslav cooperation.

PART II

THE EFFECTS OF THE WAR ON COOPERATION IN RUMANIA

PEOPLE'S BANKS, AGRICULTURAL CONDITIONS AND THE WAR

The cooperative movement in Rumania began with the foundation of the *Bancilor Populare*, or People's Banks, which were first started in the year 1891. The causes which led to the movement for People's Banks were similar in Rumania to most other countries; the peasants were absolutely in the hands of the local money-lenders and merchants, and on occasions even the local landlords allowed themselves to take advantage of the ignorance and poverty of the peasants, and acted as money-lenders. A few village school-teachers were responsible for the founding of the first People's Banks, which rapidly increased in number until, in 1896, they held a congress, which so impressed the governmental and landowning classes that, partly to support a good movement and partly to prevent the People's Banks from becoming the center of a political party, the government listened favorably to an appeal for help from the Banks, which found it difficult to get money from the ordinary commercial banks. As a result, the Central for the People's Banks was founded in 1903.

The People's Banks had spread very rapidly, and by 1903 there were no less than 1,027 of them. They not only acted as credit societies, but also as agricultural societies for the sale of manures, etc., and also implement societies. By degrees separate societies were formed for distinct types of work, but in many cases the *Bancilor Populare* still act as "general purposes" societies, but only where the work outside of credit is small. In 1913 there were:

	No.	Members
Credit societies	2,901	584,632
Productive societies (including machinery, dairy, etc., societies)....	23	1,601
Societies for production and sale.....	211	11,597
Agricultural (consumers) societies.....	271	12,340
Societies for hiring land (1912).....	364	.....

All these societies were under the control and supervision of the Central for the People's Banks, which was a department of the government, the directors of which were nominated by the Ministry of Finance and which had a governmental grant of 20,000,000 *lei*, or £800,000. The Central also acted as a central bank for the People's Banks, and had a staff of organizers and supervisors as well as accountants, etc.

The People's Banks were originally founded under the commercial law of Rumania. They could accept members from any part of the country, and the state, through the Central, had only the right of inspecting their accounts. In fact each Bank confined itself to a small district. This type of bank has gradually declined in numbers until in 1918 there were only 277. They are unlimited in the amount of interest they can charge on loans. The constitution of a People's Bank is that each member agrees to undertake a certain liability which may not be less than 20 or more than 5,000 *lei*. He then pays down 10 per cent of the sum, and pays the remainder in instalments carried over two years. The profits of the Bank are distributed as dividends on the capital, not on the turnover.

When the government established the Central a second type of society came into existence. In this type the Central has a direct voice in the framing of the rules, and fixes a limit as to the district from which members may be drawn, and also limits the rate of interest which may be charged for loans, usually to 1 per cent over the rate at which the Central lends. Many of the first type of banks submitted themselves to the control of the Central, adopted its rules, and thus became of the second type of society, which in 1918 numbered 2,643.

The Central is now engaged in forming a third type of bank, with unlimited liability and no paid-up capital. This type has so far only been established in villages where there are a number of peasant proprietors, and in 1918 there were only 46 such banks. They are not making much progress so far, but the Central hopes to encourage them.

The People's Banks, as already mentioned, do all kinds of co-operative work, but especially selling grain in common for their

members. The chief crops in Rumania are wheat and maize, though there is also a quantity of tobacco, sugar beet, oats, etc., grown. In the year before the war they first organized the export of cereals. The Banks may act in two ways. (1) Buy the grain at a fixed price and store it, and then sell at the best price they can get, and pay the difference between the price at which they bought and the price at which they sold, less a commission, to the farmers from whom they bought. (2) A more common way is for a Bank to get its members to report to it how much grain they have for sale. The Bank then looks out for a market, and sells the grain, which is kept in the peasant's own store until sold. In this case, if the peasant wants ready money the Bank will lend to him on the security of his grain.

The sale of seeds and manures to members is also an important part of their work, and further, they sell such articles as cloth, soap, coffee, etc. In both their buying and selling operations the district federations of the People's Banks play an important part, as they act as local centrals and wholesale societies. They buy grain from the local banks in the same way that the Banks buy from their members, i. e., sometimes they store it themselves, sometimes they leave the grain with the local societies.

The actual money-lending operations of the Banks are much the same as in a Raiffeisen Bank. Money is lent for productive purposes, which purposes must be stated by the borrower. The borrowing member is not, however, necessarily a peasant; he may be a small artisan, such as the village cobbler or smith.

The loans are not necessarily, as in a Raiffeisen Bank, on personal or "character" security only, but are often made on the security of a house, a cow, a cart, etc. These points will be more clearly illustrated in the account of the cooperative societies at Oltenitza, which comes later in this report.

The second form of cooperative society which has grown out of the People's Banks is what we should call the ordinary type of agricultural cooperative society, such as societies for the purchase of seeds and manures, for the selling of goods in common, dairy societies and fishing societies; but there are also a number of

societies for the exploitation of forests, which are organized on a different basis and are probably peculiar to Rumania.

The third and most interesting form of cooperation in Rumania is to be found in the societies for hiring land. In Rumania the land was owned largely by great proprietors, some of whom owned very large estates. It was not unusual for a proprietor to let his land to a farmer to work; that is, to a capitalist who paid him a rent for the right to work his land and who supplied all the machinery, animals, etc., necessary for the work and profit of the land. These farmers were very rich men, and in some cases took the farming of many estates; one man had the farming of half a province. In 1900 some of the peasants, who saw great profits being made by the farmers, thought that by forming co-operative societies for hiring land they could make these profits for themselves, and accordingly they formed societies. Before the War no less than 605 of these societies had been formed. They were brought under state control in 1904.

These societies are, by their very nature, limited in membership, as, unlike the Italian communal farming societies, they do not work the land in common, but divide it among the members. A certain piece of land is to be hired—say, 1,000 hectares. A number of peasants come together, and one man says, "I can work five hectares"; the next says, "I can work two and a half hectares"; and so on, depending on the capacity of the man, his capital, etc. Then, when they have enough members to take up the 1,000 hectares, they refuse to accept more. The land is then hired on a lease, usually for five years, and the society is formed for the duration of the lease. No new member can join unless an old member falls out. The society divides the land according to the arrangement already arrived at, but not, as might be supposed, by giving one man five hectares in one place and his neighbor two and a half, for the whole land is divided into areas, on one of which it is decided to plant wheat, on the next maize, and so forth. A common rotation of crops is simply wheat one year, maize two years, and then wheat again. Each area is then divided, and each man gets a part of each area, in which he must

plant the crop decided upon for that area. In this way it can be seen that there is a certain amount of working in common of the land, especially as the society owns or hires machinery. In principle a man may plant what he likes on his plots, but in practice he always plants the crop assigned to the particular area in which each plot lies. Each man, however, cultivates his own plot as an individual, and gets the product of his own plot. The crop is all brought to a central place for threshing, etc. Each man makes his own rick and, when the threshing machine comes, gets his own wheat threshed. The whole arrangement is somewhat like the old open field system which was common throughout Europe in the Middle Ages.

Since the War there has been a great change in the land system of Rumania. The government has confiscated 2,000,000 hectares, which it is going to divide among the peasants. The land is being given free to the peasants, and the owners compensated by government paper. As the bulk of the population are farmers, the real compensation will come out of taxes paid largely by them. It has further been enacted that no individual may own more than 500 hectares of land. As a result of this very drastic law a great many societies have been brought to an end, and only about 160 societies remain, in place of the 605. This change has been accompanied by a new form of society, which, though not, properly speaking, cooperative, is interesting as a sign of the influence which the cooperative tenancy societies had gained. Since the state has taken over 2,000,000 hectares, it is obvious that the work of dividing it up and satisfying individual claims will take years to complete, especially as the state is continuing the system of giving each man several lots. The land question in Rumania is very urgent and is the chief political question of the day. What with the presence of the Bolshevik forces on the northern frontier and the example of Kerensky's land reform in Bessarabia, now part of the Rumanian state, it is felt on all sides that it is necessary, in the interests of stable government, to satisfy the demands of the peasants without delay. Therefore, the land which has been confiscated is handed over to them at

once; but then comes the matter of its division. Here the state has adopted the system of the cooperative societies. Each group of peasants which is to be given confiscated land is compelled to form a cooperative society to divide and work the land temporarily until the state is able to make a permanent division. The word "cooperative" is quoted because (1) these societies are not voluntary associations, but compulsory ones; (2) they are not free to choose their own committee and officers, but have a manager appointed and paid by the state. Even in the case of the old tenancy societies the state sometimes has the power to interfere in the appointment of the manager, but only when the society has borrowed money from the Central. This temporary form of society does not, as a rule, own machinery, etc.; it can act as a selling agent for the crops, but seldom does so. There are now over 2,000 of these temporary societies, and the Central hopes to turn them into permanent societies, not for landholding, since that question is, for the time being, settled, but for ordinary agricultural productive purposes. It is likely that there will be a big development of cooperation as a result of this.

There has been some opposition on the part of the peasants to the formation of these semi-cooperative farming societies, as the desire for ownership is so strong that anything which seems to put off the day of actual possession is unpopular. There have even been cases where the peasants were distrustful of the good faith of the government and actually approached their old landlords and offered to buy the land directly. This was, of course, impossible, as the land was already confiscated by the government. Land reform in Rumania has been partly the result of panic legislation, and the formation of the temporary cooperative societies was largely a means of getting out of the difficulties caused by passing an act without thinking out the means by which it was to be put into force. The attitude of the average Rumanian toward his government did not show that confidence in its integrity and efficiency which is to be desired, but in the case of the land confiscation there did not seem to be anything to justify this attitude of distrust. The landlords are satisfied with the amount

of compensation given, but some of them would prefer payment in some more solid form than government paper.

It has been stated that a result of the change of ownership was a decrease in the average produce of the land, but time will prove this true or false.

During the War the German-Austrian invasion did not interfere much with the working of the societies. The invaders seem generally to have done their best to preserve the economic life of the country. Here is a marked distinction between the invasion of Serbia and the invasion of Rumania, as in Serbia the whole structure of the cooperative movement was brought to the ground, and when one of the societies, such as the wine society at Selo-Banja, was worked by the Austrians it meant only that the actual physical machinery was worked by and for them, and not as a cooperative society. In Rumania the societies continued to work more or less on their own old lines. This is true of the Austro-German invasion, but the Bulgars seem to have behaved much worse.

The position of a Rumanian cooperative society is admirably illustrated by an account of the farming society at Oltenitza, which has been through all the possible vicissitudes. The society was founded in 1911, with a membership of 152, which, for the reasons stated above, remained unaltered until after the War. The society took a lease of 1,400 hectares, so that the average holding was about 9 hectares. Unfortunately, the books for the years 1911-16 were not available. When the invasion came, the Bulgars found grain to the value of 980,000 *lei* (at par £39,200), which they seized without compensation. The society is now claiming this as part of its war damage. The Bulgars destroyed all the books, etc., which they could find, but the manager succeeded in hiding some of the ledgers, which the president now has in his keeping. When the Germans took over the town, things went better, and the society continued to exist until after the War, when the land reform began. As a result of the land reform the landlord who had leased the land to the society lost a great portion of his property, and therefore the society did too.

Now it has only about 670 hectares of land and 66 members. The remaining members have been formed into a "temporary" society. In 1919 the land was planted as follows: ¹

	<i>Hectares</i>
Wheat	176.25
Forage crops	12.49
Sugar beet	52.67
Lucerne	48.18
Maize	257.15
Barley	20.50
Oats	16.45
Rape	4.57
Vegetables	83.98
Total	672.24

The plot described for vegetables deserves special mention. This is a bit of land especially suitable for the growing of garden vegetables, and is not worked by the members, but is let by them in half-hectare plots to other persons (townsmen, etc.). This letting brings the total number of persons who are using the land to about 250.

The land cultivated by the society lies near the town. The wheat had just been stacked, and the different members' stacks were waiting for the threshing-machine. The maize was still unripe, and it was almost impossible to distinguish one plot from another, but a thin line of grass and weeds scarcely three inches broad marked the divisions.

At Oltenitza there is a People's Bank, which was founded in 1904. The system on which the Bank is worked is as described above, and typical of most of the Rumanian banks. Members agree to subscribe a certain (variable) sum, to be paid up within two years. When once the sum subscribed is paid up, a member can withdraw up to nine tenths of the sum, provided that the Bank is in a position to pay it; but the Bank has a right to refuse to pay, a right seldom exercised. Membership can be resigned only on the condition that the member remain responsible, for two years after his resignation, for all debts contracted during his membership.

¹ They also had a vineyard of 24.80 hectares. The rent paid was 81,400 lei for the fields and 2,811 for the vineyard.

The loans are made on much the same system as in ordinary Raiffeisen Banks, except that loans are sometimes made on the security of goods and not only on personal security. A member applying for a loan fills up a form stating for what purpose he wants the money. From the Oltenitza Bank's books are taken the following two typical ones: (1) A shoemaker borrows 1,400 *lei* to improve his workshop; (2) a peasant borrows 200 *lei* to buy a cow. The loans are guaranteed by one or two sureties, according to the amount of the loan, the risk, etc., but are also given on the security of goods. In one case a man borrowed 440 *lei* on the security of two cows and a wagon. The Bank also discounts bills. Loans vary from 100 to 75,000 *lei*, and even more; the limit is fixed by the general meeting.

The Bank is governed by a Committee of nine, elected for three years; each year three members retire, but are eligible for reelection. This gives continuity to the general policy of the Bank, and at the same time makes it answerable to the wishes of the general meeting. Besides the committee, there is a Council of three Controllers, who inspect the accounts and generally keep a watchful eye on the administration of the Bank's affairs. They make a report to the general meeting at the end of each year.

Besides its banking business the Bank acts as a consumers society. It sells seeds, manures, etc., and also a few general goods. There was a very small storeroom, with a small supply of boots and shoes and some soap and hosiery, bought from the English Cooperative Wholesale Society through the Agricultural Federation at Bucharest.

It has a hall for meetings, and on Sunday nights social meetings are held, and even plays are given there.

When the Bulgars came they destroyed the furniture and books and burst open the safe, which was lying in the little inclosure in front of the Bank's premises. (The same premises serve as offices for the Bank and for the Land Society.)

It is not possible to give an account of the affairs of the Bank since its foundation, as the Bulgars destroyed all the books, but on December 31, 1919, its accounts were as follows:

GENERAL BALANCE-SHEET OF THE PEOPLE'S BANK AT OLTENITZA

Resources		Liabilities	
	<i>Lei</i> ^a		<i>Lei</i> ^a
Cash.....	171,276.61	Solvent capital.....	822,046.76
Loans.....	1,484,466.20	Dividend on capital.....	63,000.00
Capital in District Federation.....	22,325.90	Deposits at interest.....	290,080.46
Repayment for goods from Federation.....	16,640.00	In District Federation Bank.....	607,936.70
Debtors' expenses.....	6,635.95	Special fund for school.....	660.65
Interest due on bonus.....	21,535.95	Fund for taxes.....	602.95
Chattels.....	11,886.25	Interest forward.....	6,503.55
Stock in hand.....	19,116.85	Flag amortisement.....	792.75
Reserve in government funds.....	26,040.00	Premises amortisement.....	3,619.90
Interest on above ^b	4,500.00	Chattel amortisement.....	1,050.00
Capital in the A. W. S.....	1,300.00	Provident fund.....	10,625.00
Repayable expenses.....	4,851.45	Reserves.....	35,119.99
Salt ^c	1,020.00	For supervision work by Federation.....	2,624.75
Premises, etc.....	39,172.30	Bonuses.....	3,300.00
Capital in Central.....	10,000.00	Printing of balance-sheet	1,867.60
Flag.....	3,276.50		
Suspense.....	10.00		
Total.....	1,849,835.06	Total.....	1,849,835.06

^a 1 *lei* = 9½d.; 1 franc at par. Rate of exchange, July, 1920, approximately 140 *lei* to £1.

^b Not paid for three years.

^c A government monopoly distributed by the Bank.

From this it can be seen that the Bank is very active. Nearly 1,500,000 *lei* were out on loan, which is a large sum—£60,000 at par; but the amount of goods on hand was negligible. A total profit of 87,492.35 *lei* was made, of which 65,000 (8 per cent) was paid in interest on capital. The payment of varying dividends on capital is a peculiar and unsatisfactory feature of the Rumanian People's Banks.

Oltenitza is the headquarters of a District Federation of People's Banks. It is one of the two Federals in the department of Ilfov, which is a department 2,230 square miles in area, with a population in 1912 of 681,759. It includes the City of Bucharest, with about 340,000 inhabitants. There were 139 People's Banks in the department in 1918, of which only three

were in Bucharest. The total membership of the 139 Banks was 38,517, of which the three in Bucharest accounted for 902, so that the remainder of the department had 136 Banks,¹ with 37,615 members in a population of about 341,800, or over 10 per cent.

The Federal at Oltenitza had 57 member Banks in 1919; unfortunately, the figures do not give the number of members in the 57 Banks. The Federation has a central office and store in the town of Oltenitza. There was not a very large quantity of goods in the store when I visited it, but the grain-buying had not begun. The Federation either buys grain from the Banks and sells it, in which case any profit balance is paid to the Banks, or it leaves the grain in the Bank's hands until a suitable opportunity for selling arises, and in the meanwhile is ready to lend money to the local Bank on the security of the grain. In 1919 the Federation took grain into its stores to the value of 3,287,467 *lei*, of which 1,260,272 was maize and 337,878 wheat.

The Federation was founded in 1914 by ten Banks, with a capital of 78,000 *lei*, of which one tenth was paid up. In 1917 it had 30 societies, with a subscribed capital of 134,500, of which 65,792 was paid up; by December 31, 1919, it had a paid-up capital of 186,002. The amount of its loans to local Banks came to 2,619,599; it had 52,560 *lei* outstanding for loans on cereals in 1919, and made a net profit for the year of 53,331 *lei*, which was divided as follows: reserves, 5,303; dividend on capital (7 per cent), 14,716; fund for state taxes, 530²; disposable balance, 32,782. The turnover for 1920 up to July 17 was 4,698,773.

As may be seen, the Federation made steady progress in spite of the War. This is the more remarkable as the town was first captured by the Bulgarians and then occupied by the Austro-Germans. It still showed some signs of the Bulgarian bombardment. The Bulgarians seem to have behaved with considerable brutality during their occupation. For instance, the local Bank had its safe rifled and some of the books destroyed. On the other hand,

¹ See *Anuarul Bancilor Populare*, 1918.

² The state takes a tax of 1 per cent on the profits of cooperative societies.

there was almost universal testimony to the orderly behavior of the Austro-Germans, except on the actual frontier, where there was heavy fighting and some looting. They seem to have done their best not to disturb the economic life of the country unnecessarily. In the case of the Federation at Oltenitza they requisitioned goods to the value of 68,748 *lei*.

The Federation at Oltenitza is one of 45 local Federations, with a total of 2,966 Banks and 630,738 members. In 1913 there were 2,901 Banks and 583,632 members, so that there has been an increase in the War period. The amount of paid-up capital has increased from 107,000,000 to 186,000,000 *lei*, but the decrease in the value of money makes this figure illusory; but while the amount of loans has fallen, for the first time, from 149,200,000 to 137,800,000, the amount of deposits has risen from 17,540,000 to 60,370,000, and the reserves from 8,970,000 to 17,680,000, which is another illustration of the fact that the farmers of Europe as a whole have turned from a class wanting capital into a class with capital to dispose of, though, as said elsewhere, the apparent increase in the farmer's money capital is to some extent balanced by a decrease in his real capital of stock, etc., and by the want of ordinary commodities and small luxuries for him to buy. Still, the membership of the People's Banks by itself shows that cooperative credit and trading has been most successfully practised in Rumania. The total population of Rumania in 1912 (the last census year) was 7,508,009, and if of these 630,738 are members of the People's Banks we get a very high cooperative average.

THE NEW NATIONAL ORGANIZATIONS

The higher organization of cooperation in Rumania was originally concentrated in the Central for the People's Banks. It was founded as a government institution in 1903, and had control of all the cooperative societies in Rumania. The movement grew very rapidly, and from 1,027 societies in 1903 it increased to 2,901 credit societies (People's Banks), 23 productive societies (machinery societies, etc.), 211 agricultural productive and selling societies, 271 rural consumers societies, and 364 societies for hiring land.

The Central, which had been given a grant of 20,000,000 *lei* by the state, was originally governed by a board nominated by the Rumanian Ministry of Finance; but after the War it was found that the work increased, and as the policy of encouraging the formation of cooperative societies on a large scale was adopted to meet the economic difficulties of the country, the Central was divided into sections. At the same time a measure of control was given to the societies. This policy has the approval of all who are interested in cooperation in Rumania, as they realize that up to this time it has been controlled too much by the state. The heads of the movement said that they thought state control was necessary in the early days of the movement, as the standard of education in Rumania was low and the people unfitted for control. Those who disapproved of state control said that the movement had been started by the schoolmasters and more educated peasants, and that state control was merely an excuse to exercise political supervision.

The author does not feel competent to pronounce any opinion on the matter beyond saying that, while state control is bad for any cooperative movement, probably the state in Rumania, by its liberal grants of money, helped to spread the movement among the peasants, who were a much oppressed and downtrodden class. On the other hand, the state, until very recent years, had definitely supported a very bad and oppressive land system, so that no doubt it feared that any peasant organization might be dangerous. The whole question is changed, now that the land system is being radically reformed.

There are five departments, as follows, which were set up on January 1, 1919, though they are under a general supervision.

(1) The Central of the People's Banks, which has a committee half elected by the societies and half nominated by the Ministry of Finance. Its capital is about 24,000,000 *lei*, half of which is supplied by the state.

(2) The Central of the Village Buying and Selling Societies, which also has a committee half elected and half nominated. Half the capital is supplied by the state. This Central includes

all kinds of rural societies, except banks, such as forest exploitation societies, fishing societies, machinery societies, etc.

(3) The Central of the Cooperative Farming Societies, with a half nominated and half elected committee, and half the capital supplied by the state. This is also the department for dealing with the societies for working the confiscated land prior to its distribution and for dividing the land.

(4) The Department of Rural Mortgage Credits.

(5) The Department of Land Registry and Surveying.

These last two are purely state-controlled.

Besides these five divisions, there is a Central for Urban Cooperative Societies, both distributive and productive, which is a purely post-war creation. There was practically no urban co-operation before the War. This will be dealt with separately at the end of this section.

The Central for the People's Banks acts as a central bank not only for the credit societies, but also does banking work for the other Centrals (not the urban Central). It thus still plays an important part in the life of the movement as a whole, though its direct control has been withdrawn from the agricultural and farming societies. It helps the cooperative movement in general in another way. It sends delegates to the general meetings of the societies, and it has helped greatly in the spread of cooperative education. Schools have been created and organized by the Central to teach the theory and practice of cooperation to the members of the committees and the employes of the People's Banks, and by July, 1920, 30 of these schools had been established, at which about 1,000 students have been taught.

The Central deals only with the Old Kingdom of Rumania, but in the newly added areas of Transylvania and Bessarabia there are cooperative movements which existed under the old Hungarian and Russian régimes. Raiffeisen credit banks have been developed in Bessarabia, but as that country is still (1920) under Russian law, and to some extent martial law, it has not yet come into relations with the Central at Bucharest. The fear of a Bolshevik invasion of Bessarabia was still felt. The societies in

Bessarabia are grouped in unions, which are independent of the state, and are grouped in a Central Union at Kisanan. According to *Cooperation in Rumania Integrita*, published in 1920 by the Rumanian Ministry of Agriculture, the number of societies in Bessarabia was: 1904, 28; 1910, 253 (245 Raiffeisen credit); 1914, 357 (349 Raiffeisen credit); and 1919, 1,056, of which 429 were Raiffeisen credit, 9 unions of Raiffeisen credit, 603 consumers societies (probably what we call agricultural societies), and 4 unions of agricultural societies. It can thus easily be seen that the War has had the effect of stimulating consumers societies. The total membership is given at about 600,000, of which about 120,000 were members of the consumers societies. The total of the balance-sheets was: credit societies of all kinds, except unions, 32,600,000 *lei*; consumers societies, 7,900,000 *lei*; credit unions, 38,500,000 *lei*; consumers unions, 3,850,000 *lei*; small credit banks, 20,000,000 *lei*.

The Transylvanian societies had no connection as yet with Bucharest, and there was no information to be got about them.

As regards war damage suffered by the cooperative movement as a whole, it is hard to give any estimate. The damage suffered by the Central for the People's Banks has, however, been assessed. This, of course, does not cover the losses of individual societies. The Austro-German Government placed two officers—one a German and one an Austrian—in charge of the Central, which continued to work under their direction. The losses are assessed as follows:

	<i>Lei</i>
Subscriptions of cooperative funds to Austro-Hungarian war loans.....	1,674,700.00
Balance of confiscation by a captain of a district paid at wrong rate of exchange	947.82
Money paid by order of government to a Hungarian merchant whose grain had been requisited by the Rumanian Government.....	112,356.50
Interest on 5,000,000 <i>lei</i> taken for the institution of a credit society (<i>Landwirtschaftliche Darlehnskasse</i>), subsequently liquidated by the Rumanians	197,500.00
German requisition orders were made payable at the People's Banks, and of 20,509,920 requisitioned only 8,000,000 had been repaid before the Germans retired. The Central paid the balance to save the farmers from the loss.....	12,509,920.80
Total	14,495,425.12

To this might be added about 18,000,000 *lei* to represent the difference between the requisition price and the market price of the goods requisitioned. If this sum be paid it will be divided among the societies in proportion to the amounts requisitioned from them. The whole sum claimed by the Central thus reaches less than 33,000,000 *lei*, which, at the rate of 140 *lei* to £1, would be about £235,000.

This is highly satisfactory, as it shows that cooperation in Rumania is in a very strong position and that the War has done nothing to impede the progress and development of the movement.

The Central for the Agricultural Societies (*Centrala Cooperativi Sâtesti de Productie si Consum*), which is the second branch of the old Central for the People's Banks, had, before 1919, that is to say, roughly speaking, before the War and the establishment of the separate Centrals, 783 societies, with 37,826 members, and a subscribed capital of 5,516,020 *lei*, of which 4,472,840 was paid up.

The societies were made up as follows :

Societies	No. of societies	Members	Subscribed capital	Paid-up capital
			<i>Lei</i>	<i>Lei</i>
Supply and sale.....	360	16,078	2,500,918	2,174,460
Common sale of crops.....	52	2,500	163,780	45,534
Bakery.....	23	1,312	164,682	106,713
Mills.....	23	1,364	220,970	186,450
Machinery.....	26	1,811	157,140	68,570
Dairy.....	11	592	21,980	14,640
Mining (chiefly lignite).....	15	1,070	189,270	135,400
Various (wine, fishing, etc.).....	21	896	127,620	145,440
Exploitation of forests.....	222	12,203	2,029,660	1,594,333
Total.....	783	37,826	5,516,020	4,472,840

During the year 1919 there was a great increase in the number of societies and the number of members. The following were added :

Societies	No. of societies	Members	Subscribed capital	Paid-up capital
			<i>Lei</i>	<i>Lei</i>
Supply and sale.....	232	13,368	5,260,540	1,589,130
Common sale of crops.....	3	140	9,450	2,708
Bakery.....	1	28	26,500	8,450
Mills.....	6	325	100,855	91,015
Dairy.....	9	426	62,440	11,320
Mining.....	1	25	17,550	6,225
Fishing.....	4	163	74,230	13,300
Various (wine, etc.).....	3	201	170,600	55,140
Exploitation of forests.....	182	11,197	6,353,688	1,448,383
Total.....	441	25,873	12,075,553	3,225,671

It is thus obvious that there has been a great impetus given to cooperation as a whole in rural Rumania. It should be noted that the increase in nominal capital is nearly three times the increase in membership, but that the increase in actual capital is about equal to the increase in membership.

Unfortunately, traveling was very difficult owing to a shortage of rolling-stock and fuel, so that it was exceedingly hard to see much of the work of the individual societies.

The societies for working the forests presented unusual features, and one at Campulung, about 100 miles from Bucharest in the Southern Carpathians, was recommended as a good example. Mr. Teodorescu, one of the staff of the Central, acted as guide, supplied much information, and was kind enough to furnish many of the statistics given in this report.

The Germans, during their occupation of Rumania, did their best to develop it, for the purpose of getting war material, and employed a number of prisoners in building light railways into the forests. When the Rumanians regained their country they made use of the German works, and, in some cases, as at Campulung, formed new cooperative societies for working the forests. There had been a number of forestry societies, but they were all small. In the case of Campulung the Germans had built a big

sawmill, which they connected with the main line of railway, and also a narrow-gauge railway, 20 kilometers long, up into the forest. When the Rumanians recovered Campulung they found 120,000 cubic meters of wood already cut.

The Central for Agricultural Cooperative Societies organized a society for the purchase of this wood and for leasing the rights in the railway and the forest for a number of years. The society is divided into three sections: (1) woodcutting; (2) sawmill; (3) furniture-making. The members are both working and non-working farmers in the district. On December 31, 1919, there were altogether 410 members, of whom only 42 were workers, and of the remainder 242 were farmers and the rest merchants, etc. At the same date there were 254 workers in the society. By July, 1920, there were about 500 workers, of whom about 200 were members. The members can subscribe for any sum from 50 to 5,000 *lei*, but they are altering the maximum to 20,000 *lei*. Each member, however, has only one vote, so that the cooperative rule is not broken. In December, 1919, the capital was divided as follows:

	<i>Lei</i>
57 members holding under 100 <i>lei</i> each.....	1,920
127 members holding 100-500 <i>lei</i> each.....	39,260
55 members holding 500-1,500 <i>lei</i> each.....	44,700
59 members holding 1,500-5,000 <i>lei</i> each.....	162,500
Total	248,380

The balance-sheet to December 31, 1919, totaled 6,400,148 *lei*, of which 304,680 were capital from all sources. The profits amounted to 61,049 *lei*. There were 2,358,777 *lei* borrowed on current account from the Central, and 3,150,000 were owed to the Ministry of Forests for the timber. The division of the profits is as follows: 10 per cent to the committees; 10 per cent to reserve; 30 per cent to capital, with a maximum of 10 per cent interest; 8 per cent to cultural and philanthropic work; 5 per cent to war orphans, and 5 per cent to a fund to insure against accidents and third-party risks on the railway. The actual distribution in 1919 was: reserves, 6,105; committees, 6,105; interest on capital, 19,961; philanthropy, 831; to workers, 18,314.

The workers get their share as workers, not as members, so that the distribution is equal as between non-members and mem-

bers. Membership is open to women. The society is divided into two main sections—one at Campulung, which fells and draws the timber and cuts it into boards; the other at Giurgiu, on the Danube, about 100 miles away, where furniture is made. There is a committee of nine elected by the members, and two retire each year.

The average pay of a worker is 40 *lei* a day, and the cost of living said to be 300 *lei* a month. This last is perhaps an underestimate, as a meal at a second-class restaurant costs 12 to 15 *lei*.

The forests are at the head of the light railway, which is 20 kilometers from Campulung. The actual felling was some distance from the rail-head, and the logs were floated down flumes or slid down the mountain to the rail. The smaller logs were floated down the river, and the big logs, and firewood which was too small to collect from the water, were taken by rail. A good deal of the handling of logs was done by women, which seemed hard work for them, but they looked as if it agreed with them. The actual amount of forest worked by the society in 1920 was 600 hectares, but they expect to get a further 1,500 hectares. The state makes the stipulation that the society must plant an area equal to that which they cut. There was fairly heavy fighting in the mountains, and the houses on the way up to the forest showed signs of damage; but as no heavy guns were used in this district, the damage was not comparable to that on other fronts, or even at Praedea, the frontier station north of Bucharest. There was considerable looting in and near Campulung.

Besides the Centrals controlling rural societies of various kinds, already described, there is an agricultural wholesale society in Bucharest, to which both the People's Banks and the other forms of agricultural societies may belong. The wholesale society is purely cooperative, though its accounts are subject to state control. It was founded in 1908 by 20 societies, and by 1920 had 350 societies, of which 150 are People's Banks. The societies are scattered all over Rumania, and one or two were coming in from the new territories. However, the societies in Hungarian territories had, as a rule, limited liability, and so were constituted slightly differently from the Rumanian ones, and that,

with the difficulties of the exchange with crowns and rubles, made it difficult for them to join the wholesale. It is possible that any societies formed of Hungarians or Saxons would not like to join a Rumanian wholesale. The couple of societies that have already joined are in the Banat of Temesvar. The currency question was in course of settlement by the withdrawal of crowns.

The capital of the wholesale is 1,000,000 *lei*, and before the War the share was 500 *lei*, but is now 5,000. The operations of the society were suspended during the occupation of Bucharest. The wholesale has a central store in Bucharest, where various kinds of agricultural needs are on display and where some peasant products (e. g., carpets) are sold. It also acts as a purchaser of grain, but not cooperatively, as it pays for the grain outright. For the time being the purchase of wheat was prohibited, as the exports were controlled by the state, which only allowed exports in exchange for imports; but it still bought maize and rape seed. It has elevators at Brăila, Constanza, and Galatz, and also stores for imported goods. Before the War it dealt with about 5,000,000 *lei* worth of grain, and if exports were not restricted its turnover in this direction would probably have reached a very high figure. The turnover in 1919 was 100,000,000 *lei*, and the society ordered goods to the value of £500,000 from the English Cooperative Wholesale Society, and \$10,000,000 worth of goods, principally agricultural machinery, from Canada. The Cooperative Wholesale Society goods at Oltenitza came through the Rumanian Wholesale Society. This activity on the part of the wholesale is the more remarkable in that the Austro-Germans took all the goods which they found in the society's stores and all work was suspended for three years. The Germans did not pay compensation for the goods taken. When the wholesale restarted work it found that many of the societies had been destroyed, but they had all been revived by 1920, and many new ones started. This information given by officials of the wholesale is difficult to reconcile with that given at the Centrals for the different cooperative societies.

The society does no banking business or take deposits from societies; but it has a credit with the Central up to 10,000,000

lei, and as the liability of the societies to the Central and the liability of the members to the societies are unlimited, it is easily able to borrow more than necessary. The wholesale is thinking of adopting limited liability.

URBAN COOPERATION

Urban cooperation was practically non-existent in Rumania before the War, except for credit societies. Such urban societies as existed were under the Central of the People's Banks. In 1912 the control was transferred to a newly formed Central of Trades, Credit, and Workers Insurance, and so passed from the control of the Central of the People's Banks. By a decree law of February 9, 1920, the *Directia Co-operatiei Orasenesti* was brought into being first as part of the Ministry of Trade and Industry, and later of the Ministry of Labor and Social Propaganda. It is governed by a committee of six representatives of cooperative societies (3 of consumers, 2 of credit, and 1 of producers), with four representatives of governmental departments (one each from the Ministry of Commerce and Industry, the Ministry of Finance, the Ministry of Railways, and the Director of the Institution itself).

The Direction has an office for supervising the rules of societies and a service of accountancy; and it also helps the societies financially, for which purpose it has a credit of 10,000,000 *lei* from the state, and the power to discount societies' bills at the national bank for another 10,000,000 *lei*.

The three kinds of societies were divided on March 17, 1920, as follows:

	Societies	Members	Paid-up capital <i>Lei</i>
Credit	56	6,560	2,827,000
Consumers	222	37,424	4,301,200
Productive	52	1,100	553,300

By July 10 the number of societies had increased to 64 credit, 295 consumers and 65 producers. The societies are, as may be seen, generally very small, and this is the more remarkable inasmuch as the societies are confined to the few big towns of Rumania, and chiefly to Bucharest, which has no less than 142

separate consumers societies, 9 credit societies, and 36 productive societies. The credit societies are of the well-known Schulze-Delitzsch type. The consumers societies are usually formed by small groups of men centered around either a clergyman or a factory, and each is jealous of its independence. The fissiparous nature of consumers societies is emphasized by the fact that there are two federations which act as wholesale societies for consumers societies in Bucharest alone, and six others in Rumania. The productive societies are divided as follows: builders, 19; manufacturing (foundry, furniture-making, shoemaking, etc.), 37; purchasing of raw materials for members, shoemakers, etc., 7; societies for selling in common the manufactures of their members, 2.

The productive and credit societies were developing before the War, largely because the big trade corporations were squeezing out the small artisans. The state recognized the desirability of helping the artisans, and did so through the state-controlled cooperative societies. The officials of the Direction recognize that the state control is, on the whole, undesirable, but feel that the time has not yet come for the societies to stand on their own feet. The consumers societies were all founded since 1918.

As typical of a consumers society we may take one called the "Rumania," which was founded on July 1, 1919, by 52 members, with a subscribed capital of 3,650 *lei*. By June 30, 1920, it had 720 members and a paid-up capital of 96,586 *lei*. The sales in the first six months came to 681,119 *lei*, with a gross profit of 5,517 *lei*. In the second six months the sales reached 975,842 *lei*; gross profit, 87,341 *lei*, with other profits (not from sales) amounting to 19,508 *lei*, and a net profit of 52,374 *lei*. The store was just like any small cooperative grocery store in any other country. There was a separate butchers department some little distance from the main store. One of the credit societies has its office in the same building as the consumers society, but they are not connected in any other way.

The two federations which act as wholesale societies in Bucharest are the Unirea and the Bucuresti, the Unirea being the larger. It was established in June, 1919, by 17 societies and a capital of

45,915 *lei*. By June, 1920, it had 79 societies, with a capital of 536,667 *lei*, and in the last six months had sold goods to the value of 7,585,331 *lei*, and had a stock in hand worth 2,240,000 *lei*. It had deposited 800,000 *lei* with the Direction, and had a reserve of 33,290; 6,788 *lei* were set aside for education and propaganda, but so far not spent. However, a paper will be published as soon as practicable. A pension fund of 13,200 *lei* had already been accumulated for the workers. The other side of the balance-sheet showed 2,140,000 *lei* owed to the Direction, 115,500 to the bank, and 170,812 deposited by the societies. The net profit came to 149,241 *lei*.

Each society affiliated with the Unirea has to pay at least 10 per cent of its capital to the federation, but this only totaled 82,453 *lei* on December 31, 1919. Each affiliated society has a representative on the board, which elects a committee of five to carry on the business, and the state has no control other than the examination of the accounts. Of course, the activities of the Direction in controlling the individual societies must give it a good deal of indirect power over the federations besides that arising from the fact that it lends them money.

The headquarters of the Unirea is in a good building, with large storing accommodations, near the center of Bucharest.

The Bucuresti was founded in May, 1919, by 40 societies, with a capital of 20,480 *lei*. By June 30, 1920, they had 68 affiliated societies and a capital of 201,628 *lei*. During the last six months they had sold goods worth 5,102,161 *lei*, and accumulated a reserve of 20,201 and a propaganda fund of 4,205. It owed the Direction 1,444,000 *lei* and its bank 421,700, out of a possible credit of 2,000,000 *lei*. Its deposits from the societies came to 110,000 *lei*. The liability is limited to five times the capital. Its net profit came to 19,921 *lei*.

The two federations are absolutely distinct, and do not work together in any way, except that the state has given a monopoly of selling the fish caught in the Danube to the cooperative societies, and the federations each gave 100,000 *lei* toward financing the office for dealing with this business.

The productive societies are all post-war. It is too soon to

say what they are likely to turn into, but a description of one will be useful. A newly formed furniture-making society in Bucharest was interesting. It was a flourishing little society, founded in October, 1919. It started working on May 15, 1920, but was hampered for want of capital, and it had to buy wood from ordinary timber merchants at high prices. It had 9 members, and employed about 30 persons, including the members. Each member put up a share capital of 5,000 *lei*, and the Direction gave them a credit of 700,000 *lei*, of which they have used 550,000, or at the then value of money, about £3,920, which was hardly enough to run the business. They bought their premises for 135,000 *lei*, and spent 102,000 *lei* on putting them into repair and about 200,000 *lei* on machinery and tools. Up to July 22, 1920, they had paid 67,266 *lei* in wages, and executed work worth 130,000 *lei*. The management rests with an executive committee of three, holding office for five years, and elected by the general committee of the society, but for obvious reasons the president actually signs contracts, etc. It will be interesting to see how a management by three works. As is usual in continental co-operative societies, there are also censors, or *probitviri*.

The rule for the division of profits is 10 per cent to reserve, 10 per cent to the executive committee, 8 per cent to the general committee, and 3 per cent to the censors. Capital is to get such interest, not exceeding 7 per cent, as the general meeting may vote. The remainder of the profits is to go to the workers, whether members or not, at the same rate. There were 12 non-member workers, but the rules allow them to become members. The society was engaged in making furniture for the new Cabinet for Greater Rumania, and the work I saw was really very fine. They had not many private orders as yet.

Another productive society—metal workers—was originally a works belonging to a German, and after the War the Direction got it going as a cooperative society.

Besides the official cooperative movement, there was an attempt made some years ago to found Socialist productive societies. They were a failure, and their failure has made the labor move-

ment somewhat opposed to cooperation, but a number of Socialist consumers societies were in process of formation in 1920. They were not sufficiently far advanced for any account of them to be of interest.

To sum up, the great characteristic of the Rumanian cooperative movement is that it is state-controlled and fostered to a degree unknown elsewhere in Europe and comparable only to India. This does not seem to have hindered, but rather to have helped, the actual progress of the movement, and it was very interesting to see the government actually organizing societies such as the productive and farming societies, which in other countries are regarded as of a dangerously socialistic description. It is not possible for me to judge how far the paternal attitude of the state has helped or hindered the growth of the cooperative spirit. Looking at the matter from an outside point of view, it would seem likely that the movement in Rumania has not the spontaneity which should characterize true cooperation, and that it must lean heavily on the state institutions. On the other hand, the educative work done by the Centrals must be useful; and I found that, though all those interested in the movement desired its ultimate freedom from state control, even the most advanced thinkers on cooperation in Rumania agreed that the backward state of the peasantry made some outside help and control necessary.

They are looking forward to a new law to unify the legislation on cooperation to mark a step forward toward the goal of freedom, but they would not like to see the control removed at once, or even in the very near future.

I am much indebted to Mr. G. Mladenatz, a member of the staff of the Direction and also assistant editor of the monthly economic review, *Independentsa Economica*, in which several interesting articles on the cooperative movement in Rumania can be found.

PART III

THE EFFECTS OF THE WAR ON COOPERATION IN NORTH ITALY

GENERAL ORGANIZATION

Cooperation has developed in Italy in a more varied form than in any other country in the world. There is scarcely a branch of human activity which is not represented in one or another of the hundred and one different types of cooperative society that are to be found in Italy. The Italian cooperators build gigantic palaces and ocean-going ships on the one hand and make ornamental heads for walking sticks on the other. Corn grown on cooperatively owned, managed and worked farms may be ground in a cooperative mill, baked in a cooperative bakery, sold in a cooperative store and eaten in a cooperative restaurant. Yet, despite these various activities, there are few big cooperative societies in the country with the exception of a few well-known societies such as the *Unione Cooperativa* in Milan and the *Unione Militari* in Rome and such leagues as the *League of Producers Societies* at Genoa. The majority of the distributive societies are small, consisting of a group of a few men and women bound together by some political or religious tie. The manufacturing and productive societies, with a few exceptions, are small, and the farming societies, though in a sense large, are necessarily limited in their scope by the area of land which they are able to acquire. The result is that the study of the development of the cooperative movement in Italy is singularly difficult, and this difficulty is increased by the fact that Italian cooperation is divided into political, religious and social sections which do not work in harmony and which, though each has its own particular federation or federations, are to some extent reluctant to give information which might be useful to their rivals.

Taking agricultural cooperation first, there are three large and distinct groupings. First, there are the socialistic farming societies, which are termed the economic wing of a movement which aims at the ending of private property in land and the so-

cialization of the means of production. Then, there are the Catholic farming societies, which aim at the distribution of property in land among the farming and agricultural laboring classes. Thirdly, there are those cooperative societies which are formed by the larger landowning class for the distribution of seeds, manures, machinery, etc., which are regarded by the other two groups as being decidedly anti-social and really a form of capitalist society. Besides these, there are agricultural credit societies, both Catholic and neutral, and dairy societies formed of the cattle-owning farmers, which are largely neutral, though there are such societies which belong to the Catholic party in the northeast of the country.

It can thus easily be seen that anything approaching an exhaustive study of agricultural cooperation in Italy after the War would be a gigantic task, which would probably take a year's investigation and the results of which would occupy several volumes as large as the whole present work.

Besides these agricultural societies, which are only one branch of the cooperative movement in Italy, there are productive societies belonging to Socialist and Catholic leagues, and there is even a group of productive societies separately organized in a Republican league. The consumers societies are similarly divided, so that any one Italian town almost certainly has two, if not three, leagues of consumers societies, besides a number of "wild" societies, which do not owe allegiance to any federation; two, or possibly three, leagues of productive societies, a league or two of credit societies, and a league or two of farming societies, as well as a wholesale society run by the larger landowners of the district around. It may well be imagined that five weeks' study of post-war conditions in Italy serves rather to confuse than clarify the investigator's impressions of that country. This report will, therefore, confine itself to a brief outline of the development of the cooperative societies belonging to the Socialist group in Milan and Genoa, a few scattered facts about some of the farming societies, and a short account of the work of an interesting group of Catholic reconstruction societies for the rebuilding of the devastated villages in the area of the Piave.

From these and a few general remarks it is hoped that the reader will be able to gather something of the post-war ideals and of the comparative conditions of some groups of societies before and after the War, which may serve to throw some light on some of the recent and startling developments of the labor situation in Italy. But even for this it is necessary to have an idea of the grouping of Italian cooperative societies.

SOCIALIST AND CATHOLIC GROUPINGS

All Socialist cooperative societies belong to an organization known as the Lega Nazionale delle Cooperative, which has its headquarters at Milan. All the societies belonging to this league are Socialist; that is to say, all the members of the societies have to belong to trade-unions which adhere to the Socialist Party in Italy, a strong political party with a large number of representatives in the Italian Parliament. Apart from these restrictions as to membership, the societies are not political bodies; that is to say, they confine themselves strictly to business at their meetings. The Lega Nazionale, however, is itself a political body and is in close touch with the Socialist Party and with the Association of Socialist Trade-Unions, so that acting as a whole the movement is decidedly political. The Socialist Party adheres to the Third International and generally speaking approves of the Soviet system of government. The league itself is divided into three sections: (1) the agricultural section with headquarters in Bologna, (2) the consumers section with headquarters in Milan, and (3) the productive and labor section with headquarters in Rome. Speaking generally, Socialist cooperation is to be found in the north and northeast of Italy.

These three groups are in turn divided into local *consòrzio* of which there is usually one in each big town or district, e. g., the productive societies have each a *consòrzio* at Milan, Genoa, Rome, etc., and are forming them wherever they do not exist. These local leagues act as centers for administration, accountancy inspection, credit facilities, etc., for the societies in their district.

The Catholic societies are similarly grouped. Their headquarters is the Confederazione Cooperativa Italiana at Rome,

and the Catholic societies have also their local groupings of productive societies, consumers societies, agricultural societies, etc. The Catholic societies are strong in the south of Italy and in the northeast, but in the south cooperation is not so fully developed as in the north, and largely takes the form of rural credit societies. There are, however, farming and other societies in the south. Catholic cooperation is somewhat later in date than Socialist cooperation, but is making rapid strides. Socialists and Catholics each claim to have a greater number of societies and members than the other and to be more progressive. It is, however, difficult for an outside observer to form any estimate as to the value of these claims, but the general impression gathered by the present writer was that the Socialist cooperative societies are more developed and more numerous than the Catholic ones, at least as regards higher developments of cooperation, but that Catholic societies are increasing rapidly, both in membership and in activity, and that if they maintain their rate of progress they will soon rival the Socialist. The statistics of Italian cooperation are not satisfactory and it is very difficult to get figures to support or refute any such statement.

These two big groups—Catholic and Socialist—embrace the greater part of Italian cooperation. They are very similar in composition, and the societies run by the two groups are very much alike, as the Socialist cooperative societies are connected with the Socialist Party in the Italian Parliament, so also the Catholic societies are associated with the People's Party (*Parti Popolare*). In their ultimate the two bodies are very different: The Socialists urge the communization of the means of production and the abolition of private property; the Catholics base their whole social outlook on the maintenance and protection of private property, demanding, however, its more just distribution. In practice the methods of the two are almost identical, because the Socialists find that they have to yield to the lack of developed public spirit among their members, and, in order to stimulate their interest in the societies, have to pay out to individuals, in the form of shares and bonuses, some of their profits which they would wish to accumulate in their social funds. The Catholics find it equally necessary to keep large reserve funds, which

are in practice much the same as the social funds of the Socialist societies, in order to be able to meet the usual emergencies of trade. Outside these two groups there are a considerable number of cooperative societies. There is a large group of neutral credit societies and several groups of agricultural societies. There is also the small Republican group referred to above, but this does not seem to be of much importance.

CONSUMERS SOCIETIES

The Italian consumers society is much the same as the consumers society in other countries, but differs from the English type in that it has the political and religious flavor already referred to. Milan is the Italian town in which the consumers society is most developed. It contains the mighty *Unione Cooperativa*, the largest consumers society in Italy, and one of the few societies which are non-political, but this society is regarded as very bourgeois by the Italian working classes, and, in fact, most of its members belong to the middle classes. Besides this big society, there are numerous small societies of more or less importance. In 1916 there were no less than 49 consumers cooperative societies in the city. The *Unione Cooperativa* had 104 branches and 15,000 members, a large central store with every kind of department, and it has started a garden city a short distance from the town. The position of the *Unione Cooperativa* during and after the War is shown in the following table:

Year	Members	Capital	Reserve	Sales	Profits
		<i>Lire</i>	<i>Lire</i>	<i>Lire</i>	<i>Lire</i>
1912.....	14,526	6,343,000	2,732,000	11,089,700	657,000
1916.....	15,087	6,295,000	2,426,000	14,896,000	962,000
1919.....	15,127	6,357,000	3,144,000	58,482,000	1,608,000

It shows that membership and capital have remained practically stationary and that sales have increased, though not very much more than in proportion to the fall in the value of money. The collecting of statistics for the other 48 societies would be difficult, but the Socialists made an effort to consolidate their consumers societies into a single society called the *Alleanza Coopera-*

tiva Milanese, which was founded only in the beginning of 1919, when it had a turnover of 1,016,000 *lire* in the half year and about 8,000,000 *lire* in its first year. Membership of the Socialist society is confined to (a) members and workers of Socialist cooperative societies existing in Milan on July 1, 1918, (b) members of organized trade and professional unions which have not a confessional character (this excludes members of Catholic trade-unions), (c) members of the Italian Socialist Party, and (d) all societies and institutions of persons admissible under (a), (b), and (c). The object of the society is said to be to substitute for the present capitalistic régime "a régime in which production would be organized for the consumers collectively and not for profit, and to acquire gradually the means of production and sale for the associated consumers, so that they may have in future the surplus riches they have created." Besides these two above-mentioned cooperative societies, there is a large society of railway workers and another of postal employes, the former with 6,000 members and the latter 11,000. The former had a fairly large turnover of about 7,000,000 *lire* in 1915; the latter only about one tenth of this.

A very interesting development has taken place all over Italy by which the municipal authorities undertake a considerable amount of the work of supplying the necessities of life to their people. Over 200 Italian cities and towns have undertaken this work and most of them began it between the years 1917 and 1919, though there are some traces of it as early as 1912. The system adopted is to form a committee consisting of representatives from the cooperative societies and charitable institutions. This committee gets funds from the municipality and from the associated societies, which it uses for organizing a supply of foodstuffs, clothing, etc., which are sold either through the cooperative societies or through stores specially set up for the purpose.

The city of Milan, though not the first town to organize a municipal supply, has developed it more than any other town in Italy. The *Azienda Consorziále dei Consumi de Milano* did not actually begin work until September, 1918, though there had been a previous society of the same nature but more limited scope.

The Azienda is constituted of (1) the Commune of Milan, (2) consumers cooperative societies with over 500 members in Milan and the surrounding district, and (3) legally constituted benevolent, provident and cooperative institutions, trade-unions, etc.

The capital on June 30, 1919, was made up as follows:

	<i>Lire</i>
Commune of Milan.....	2,160,862
Consumers cooperative societies.....	97,090
Institutions	169,000

Thus it is seen that less than 4 per cent of the total capital was held by cooperative societies and more than 90 per cent by the municipality; besides this, the commune advanced 5,213,052 *lire* on current account. The committee has six representatives of the commune, six representatives of cooperative societies, two of whom represent federations and one representative of the charitable societies; so the cooperative movement is representative out of all proportion to its investment. There are 38 societies and 69 charitable and other institutions which belong to the Azienda. The following balance-sheet for nine months gives some idea of the amount of the municipal trading:

	DEBIT	
Capital:		<i>Lire</i>
Commune of Milan.....	2,160,862.25	<i>Lire</i>
Consumers cooperative societies.....	97,090.00	
Institutions	169,000.00	
		<u>2,426,952.25</u>
Commune of Milan (current account).....		5,213,062.78
Sundry creditors		4,820,451.57
Secured creditors		85,100.12
Total		<u><u>12,545,566.72</u></u>
	CREDIT	
Capital still owing:		
Consumers cooperative societies.....	36,187.00	
Institutions	7,667.00	
		<u>43,854.00</u>
In bank		669,135.99
Goods in store		5,992,839.31
Sundry debtors		4,652,213.28
Securities		3,250,000.00
Materials for packing		64,000,000.00
Building, machinery, tools, wagons, beasts, furniture, etc.....		961,956.60
Deeds and deposits of property (of third parties).....		85,100.12
		<u>12,472,339.30</u>
Balance loss		73,221.92
Total		<u><u>12,545,566.72</u></u>

The Azienda itself owns 60 depots for the sale of its goods and supplies 155 cooperative stores including branches.

The Azienda supplies all the principal necessities of life to the citizens at the cheapest price possible. During the nine months from October, 1918, to June, 1919, it supplied, among other things, 207,591 quintals of flour, or about 20,000 tons, 122,511 quintals of rice, 20,965 quintals of frozen meat, 8,477 quintals of sugar and 1,553 quintals of soap, in addition to such things as candles, matches, coffee, tinned meat and fish.

Besides the mere purchasing of goods, the Azienda has established factories for making boots, clothing, etc., and a dairy for supplying milk and milk products. The dairy is run on the most up-to-date hygienic lines and the factories are also well equipped, airy and well lighted, and pay good wages. The goods manufactured are sold through the Azienda and each has its price stamped on it, in order to frustrate any attempt at profiteering. The government sold a quantity of surplus cloth and leather to the Azienda, which enables it to produce very cheaply.

The development of municipal trading is due to the pressure of war conditions, but the general opinion was that it would become a permanent feature of Italian economic life. It may possibly lead to some form of national production, as the Aziendas of other towns (e. g., Bologna) already purchased goods from the Milan factories for their own citizens, and it is not a long step from this to the establishment of jointly owned and worked factories for the whole country.

The consumers' movement in Italy, except so far as its political and divided nature is interesting, presents no special feature worthy of study. The municipal trading is the one really interesting development. The productive and labor societies, on the other hand, are intensely interesting and have developed in a very remarkable manner. A description of the position of these societies in Milan and Genoa in 1920 may be taken as giving an idea of how they are progressing, but it must be remembered that Genoa is the most developed town in Italy, and Milan the next, as regards cooperative manufacture.

COOPERATIVE PRODUCTIVE SOCIETIES

The Italian cooperative productive society is usually formed of a group of workmen who have accumulated a small amount of capital by weekly savings and started to work as their own masters. This form of association is not very new in Italy, as it has long been a custom of manual laborers, such as navvies, to hire themselves out in groups. On the other hand, there have been cases where the trade-unions have deliberately founded such societies and have accumulated funds by a general levy on the members of the union.

The total number of productive societies given in Italian statistics for 1915 was 3,015, of which only 1,884 furnished returns. These had over 257,000 members, so that there were probably between 300,000 and 400,000 members of productive societies altogether. The total number of workers employed in industries was about 2,300,000, so that, roughly, one seventh of the working population were members of cooperative productive societies. This shows how widespread the producers' movement has become.

As said above, the societies are formed into local federations, the federations of Genoa and Milan being the most developed. The following description of these two federations will give the reader an idea of what to expect from Italian cooperators.

THE MOVEMENT IN MILAN

The league of cooperative societies in Milan is called the Federazione Milanese delle Cooperative di Produzione e Lavoro, and has 31 societies belonging to it. These include building societies, ironworkers, stonecutters, painters, printers, porters, cane and umbrella makers, furniture makers, navvies, etc. The three societies described below are typical of well-worked productive societies:

The printing society, called La Tipografia degli Operai, which was founded in 1880, is a large printing works in Milan. This society is somewhat unusual, as it was formed by the Milan branch

of the printers trade-union, which compelled its members to subscribe 10 *centimes* a week until each of them held ten *lire* shares in the society. With the fund thus raised, the printing works were established, so that in effect it is the property of the local branch of the trade-union. The control is vested in a committee elected by the shareholders, and the workers do not share in its profits, but the profits are devoted to benevolent and other funds for the benefit of the Milanese printers in general. The workers are employed in order from the rota of unemployed printers in Milan. The society suffered during the War. A number of the workers were called to the colors and its pay-roll fell from 108,000 *lire* in 1915 to 74,800 in 1916. By 1918 it had risen to 114,000 *lire*, but the fall in the value of money would more than balance this rise; in 1919 it rose to 231,000 *lire*. There was a slight tendency to fall before Italy entered the War, as in 1914 the figure was 102,526 *lire*, but this was such a small fall that nothing can be argued from it. The value of the work done in the same years was: 1913, 217,114 *lire*; 1914, 194,514 *lire*; 1916, 258,674 *lire*, and 1918, 546,323 *lire*. This shows the immense increase in the price of raw materials, chiefly paper, as the value of the work done in 1916 was over 40,000 *lire* more than in 1913, though the pay-roll had fallen by over 25 per cent.

The capital of the society in 1915 was 120,779 *lire*; in 1916, 123,387; and in 1918, 138,576. This was the only society where I succeeded in getting a balance-sheet, a portion of which is reproduced at the top of the opposite page.

In the year 1919 the amount paid in wages had risen from 109,817 to 231,138 *lire*.¹

The division of the profits is interesting. The share capital of 170,936 *lire* was divided between the compositors branch and the printers branch of the local union. There were 1,452 com-

¹ The figure 109,817 is taken from the balance-sheet for 1919. It does not agree with the figure of 114,137 given in the *Origine e lo Sviluppo della Federazione delle Cooperative*, quoted above, as the latter figure includes the bonus to the manager. If the bonus (6,000) for 1918 be added to the figure for 1919 we get 231,138. Similarly, the figures in the *Origine* for the amount of work executed are adjusted to allow for work in course of execution, and so appear somewhat higher than the figures in the balance-sheet.

ABBREVIATED BALANCE-SHEET OF THE PRINTERS COOPERATIVE SOCIETY FOR THE
YEAR ENDING DECEMBER 31, 1919

Resources and liabilities	1918		1919	
	<i>Lire</i>	<i>Lire</i>	<i>Lire</i>	<i>Lire</i>
Debit				
Social capital:				
Compositors branch.....	72,400.40		103,457.65	
Printers branch.....	34,968.10		67,478.75	
		107,368.50		170,936.40
Reserves.....		31,218.44		33,761.83
Current accounts.....		214,565.43		148,222.81
Effects to be paid.....		92,256.00		89,342.30
Net profit.....		4,286.99		7,344.91
Total.....		449,695.00		449,608.25
Credit				
Cash in hand.....		1,920.83		1,777.45
Current accounts:				
Bank.....	405.66		162,190.75	
Clients.....	99,557.37		18,666.45	
		99,963.03		182,226.40
Stock in hand:				
Paper, envelopes, etc.....	98,381.00		26,256.35	
Ink, roller, etc.....	17,568.00		12,843.50	
Work in progress.....	24,788.00		27,895.35	
		140,737.00		66,995.20
Realizable effects.....		2,489.00		6,831.00
Machines, furniture, etc.....		86,626.05		90,393.00
Deposits.....		5,684.35		3,384.35
Buildings, etc.....		96,000.00		98,000.00
Total.....		449,695.00		449,608.25

positors and 1,379 printers, but the former had 103,457 share capital or a little over 71 *lire* a head and the latter only 67,478 or a little less than 49 *lire* a head. The net profit of 7,344.91 *lire* was divided according to the laws of the society, as the above table shows.

A second society visited was a walking-stick and umbrella-handle factory founded in 1907 with the small capital of 1,550 *lire* and 54 members. By 1913 it still had the very small capital of 4,843 *lire* and by 1918 had only increased it to 9,073 *lire*. Despite this, the society had an admirable workshop and seemed

very busy. The turnover of the society had decreased slightly in 1915, but had recovered by 1917, which is curious, as luxury trades as a rule suffered during the War. From 1917 the turnover showed a steady increase, but as a balance-sheet was refused it is impossible to give any details.¹

A third society for making iron furniture (bedsteads and tables for hospitals, etc.), founded in 1904 with 74 members, had considerable difficulty in establishing itself, but by 1908 had a turnover of 203,463 *lire*. It did not increase its business much until 1918, and actually did less business in 1913 and 1914, but by 1918 it had risen to 361,854 *lire*, which, considering the fall of the value of money, was a very slight increase. The pay-roll was 82,438 *lire* in 1910 and fell to 49,561 in 1913 and to 38,736 in 1916. In 1918 it was only 43,118 *lire*. The capital, which was 5,182 *lire* in 1906, rose to 22,247 in 1912, fell to 18,631 in 1914 and gradually rose to 38,495 in 1918. The figures are taken from the *Origine e lo Sviluppo*. A balance-sheet was not procurable, so that the above figures are all the definite information obtainable. The last two societies, unlike the printing society, were formed only of the workers in their respective factories, and capitalized by them. Anyone applying for membership, however, must belong to a trade-union of the right "color" (in these cases, Socialist) and must then be proposed and seconded by members of the society.

The above examples, though they do not include the big building and labor societies, are fair examples of the form of cooperative productive society found in Milan, and the others, large or small, are formed on similar lines.

The productive societies in Milan are all members of the Milanese Federation of Cooperative Productive and Labor Societies (*Federazione Milanese delle Cooperative di Produzione e Lavoro*), which was founded in 1903 by a small group of Social-

¹ I found it extremely difficult to get figures from the productive societies and was absolutely refused balance-sheets in most cases. This I understood to be largely because the societies were afraid that publication of their position would injure them, though there was a suggestion also that they did not wish the revenue authorities to know too much about them.

ists. It did not take definite shape for a year or two, but by 1904 there were 24 societies with over 5,000 members affiliated with it. It actually began its work in 1906 and acts as a central body for making contracts, where more than one society is involved, for obtaining credits, for accounting, inspection, etc. In cases where a contract involves the work of several societies, the Federation signs the contract and divides the work among the different societies. Any profit made goes partly to the Federation and partly to the different societies.

To help in its work, the Federation employs a staff of trained engineers, architects and accountants, but Italian law does not allow these employes to be members of the societies which employ them.

The Federation is not as careful to keep its financial position secret as are the individual societies, and the following figures show how it has progressed since 1908. It is necessary to go back to that year in order to show the extraordinary fluctuations in the amount of work done. From the table it appears that the War had no marked effect on the prosperity of cooperative production, as a whole, in Milan.

FINANCIAL CONDITION OF THE COOPERATIVE FEDERATION OF MILAN, 1908-1919

Year ^a	Value of work executed or in course of execution	Paid for labor, materials, etc.	Expenses of adminis- tration, etc.	Net profits
	<i>Lire</i>	<i>Lire</i>	<i>Lire</i>	<i>Lire</i>
1908-9.....	2,117,662	2,055,538	42,253	35,605
1909-10.....	2,332,885	2,250,324	76,658	23,963
1910-11.....	3,085,401	2,947,495	128,281	26,287
1911-12.....	3,264,852	3,156,737	91,132	28,138
1912-13.....	1,928,801	1,818,511	92,059	30,438
1913-14.....	1,818,457	1,704,706	95,742	30,030
1914-15.....	1,845,186	1,712,912	114,663	29,015
1915-16.....	2,759,364	2,625,264	121,467	25,915
1916-17.....	1,942,078	1,790,647	126,770	36,641
1917-18.....	3,710,621	3,534,148	147,908	54,606
1918-19.....	3,789,658	3,575,556	168,129	63,286

^a The financial year runs from July 1 to June 30.

THE MOVEMENT IN GENOA

Genoa is the center of a very active cooperative productive movement, which is centered in the Consòrzio Ligure delle Co-operative di Produzione e Lavoro. The Genoese societies are many of them very strong and they have undertaken construction work on a big scale. The most celebrated society in Genoa is the shipbuilding society, which owns the largest shipyard in Genoa and does much repairing and shipbuilding work. This society has about 600 workers. It was not possible to get any definite information as to its position, as balance-sheets were refused, but the yard looked very prosperous and busy. The society was founded in 1907. It was very small and had only about 5,000 *lire* capital. According to the reports of the Consòrzio, it had 116,015 *lire* paid-up capital in 1914 and 649,299 in 1918, and the value of the work done had increased from 1,095,325 *lire* in 1914 to 9,000,000 in 1918.

The coal porters of the port have also formed a large society which controls practically the whole labor of the harbor. It increased its capital from 126,979 *lire* in 1914 to 332,979 in 1918.

There is also a prosperous society of ships' carpenters.

Besides the societies connected with shipping, there are a number of powerful building societies, which have, among other contracts, undertaken the building of an immense hospital for the municipality of Genoa. The societies had tendered for the building of the hospital in competition with ordinary contractors. The municipality offered 7,000,000 *lire* for the work, but no private contractor would do it for that price. The cooperative societies, however, undertook to build the hospital for 7,000,000 *lire* less 10 per cent. The contract was tendered for and signed by the Consòrzio, which, like the Federation at Milan, has a staff of engineers and architects. The different parts of the work—building, woodwork, plumbing, etc.—were then given out to the different societies.

Each society is responsible for the discipline of its own men, but, in order to facilitate the general working of the scheme, a

weekly meeting of representatives from each society is held, at which the work for the coming week is discussed and so arranged that the work of one society will not impede the work of another. The result seems to be satisfactory.

According as the work proceeds, payment is made by the municipality to the Consòrzio, which in turn pays the societies. The Consòrzio borrows money from the Cooperative Credit Institution to pay the societies in advance, and so enable them to pay their workers and to buy the necessary materials for their work.

In Genoa, roughly one half of the workers in the cooperative societies are members. The remainder are either men who do not wish to undertake the responsibility of becoming members of the societies or men who are regarded as not desirable as members. The societies are careful as to whom they admit to membership, which is one of the secrets of their success. Trade-union rates of wages are paid, and the profits are given partly to reserve funds, partly to provident and sickness funds, partly to social funds to be used for the general good of the society, and the remainder to the members in proportion to the work done by them. Some societies give non-member workers a share in the profits. The proportion of profits divided among the members varies from 50 per cent to 80 per cent. Ten per cent is usually set aside for reserves. Sometimes the managing committee gets a small percentage for itself.

A general view of the position of the Genoese societies and their Consòrzio in 1914 and 1918 is given by the tables on pages 86 and 87.

The effect of the War on the societies was what might have been expected. The shipbuilding and coal-porters societies made great strides, and the other trades which did necessary work (e. g., braziers, electricians) also made progress, but the luxury trades, such as marble-workers, suffered a temporary setback. From the reports given in 1920 it would appear that all the societies were benefiting by the peace, but no doubt the increase in work which came in 1920 had ended by 1921.

FINANCIAL CONDITION OF THE GENOISE COOPERATIVE SOCIETIES, 1914

Societies	Subscribed capital	Paid-up capital	Reserve fund	Provident fund	Value of work done	Profits in 1914
	<i>Lire</i>	<i>Lire</i>	<i>Lire</i>	<i>Lire</i>	<i>Lire</i>	<i>Lire</i>
Consorzio Ligure delle Cooperative.....	81,576.68	71,401.79	100,668.27	.....	2,438,954.98	138,645.81
Metallurgica del Porto.....	119,375.00	116,015.08	14,048.34	10,850.25	1,095,325.46	8,283.43
Calderai in rame.....	150,000.00	126,979.70	50,467.73	28,766.93	813,798.39	18,408.24
Marmisti ed Affini.....	36,100.00	20,701.21	14,005.82	3,453.05	134,759.13	1,214.54
Muratori ed Affini.....	23,500.00	12,750.77	25,340.02	1,124.61	232,300.10	12,988.85
Lavoranti Ortonieri, Lattonai, ecc.....	15,500.00	15,184.14	14,347.17	11,079.43	209,381.25	1,936.40
Operai Elettricisti.....	6,000.00	3,446.23	7,187.93	310.09	128,811.45	3,100.96
Lavoranti in legno.....	26,600.00	24,519.20	7,409.30	4,233.30	196,515.10	18,001.04
Metallurgica S. Quirico.....	6,850.00	4,977.50	305.00	.....	127,206.86	188.05
Carpentieri del Porto.....	11,430.00	7,425.67	2,143.32	648.22	10,662.47	130.06
Falegnami del Porto.....	14,880.00	14,880.00	2,164.36	811.20	60,091.85	3,415.26
Minatori ed Affini.....	1,360.00	1,360.00	336.75	336.75	44,220.00	3,367.56
Scalpellini e Scliatori.....	2,000.00	2,000.00	607.02	271.83	45,459.87	2,526.42
Tipografia Sociale.....	10,550.00	4,844.30	4,965.61	.....	87,103.50	1,495.58
Asfaltisti ed Affini.....	6,000.00	6,000.00	8,191.48	.....	68,894.77	7,535.91
Sbarco Carboni Minerali.....	59,800.00	59,419.44	28,753.96	28,753.96	2,069,712.55	102,983.61
Verniciatori, Doratori ed Affini.....	9,300.00	8,690.67	5,671.17	.....	87,361.96	5,960.89
Pavimentatori ed Affini.....	6,700.00	6,695.78	13,218.72	.....	104,814.40	14,706.34
Total.....	587,521.68	507,291.48	299,822.97	90,639.62	7,955,374.09	344,888.95

FINANCIAL CONDITION OF THE GENOISE COOPERATIVE SOCIETIES, 1918

Societies	Subscribed capital	Paid-up capital	Reserve fund	Provident fund	Value of work done	Profits in 1918
	<i>Lire</i>	<i>Lire</i>	<i>Lire</i>	<i>Lire</i>	<i>Lire</i>	<i>Lire</i>
Consorzio Ligure delle Cooperative.....	74,055.63	72,483.13	151,217.82	.....	1,092,724.27	36,150.12
Metallurgica del Porto.....	651,550.00	649,299.62	92,586.00	47,385.63	9,000,000.00	180,045.53
Calderai in rame.....	422,000.00	332,979.50	62,192.26	14,991.00	3,577,263.00	72,322.41
Marmisti ed Affini.....	33,150.00	20,235.41	14,395.92	2,386.16	71,991.88	923.94
Muratori ed Affini.....	18,300.00	15,220.31	18,761.20	.....	266,320.94	.....
Lavoranti Ottolieri, Lattonai, ecc.....	36,550.00	32,302.46	16,862.10	2,453.52	188,957.48	4,597.60
Operai Elettricisti.....	100,000.00	72,660.21	10,554.52	1,489.44	470,296.73	8,063.62
Lavoranti in legno.....	20,900.00	19,344.25	8,147.85	3,059.40	357,788.36	2,657.10
Carpentieri del Porto.....	24,200.00	18,055.83	4,098.19	3,012.78	102,308.65	15,621.30
Falegnami del Porto.....	13,710.00	13,710.00	20,511.36	4,693.98	262,338.10	41,572.29
Minatori ed Affini.....	1,380.00	1,041.85	305.54	515.23	45,989.35	2,491.44
Tipografia Sociale.....	7,450.00	5,616.85	13,366.57	.....	172,580.91	5,210.64
Sbarco Carboni Minerali.....	513,000.00	499,282.22	94,767.36	94,767.36	2,888,465.05	195,246.54
Verniciatori ed Affini.....	9,250.00	8,670.80	6,615.13	.....	120,416.50	620.46
Pavimentatori.....	5,850.00	5,850.00	12,736.09	.....	42,889.45	476.64
Asfaltisti.....	4,250.00	3,798.70	9,198.72	.....	100,821.42	122.15
Scalpellini e Selciatori.....	1,700.00	1,700.00	607.02	271.83	22,265.66	113.88
Calderai in ferro.....	31,400.00	14,017.95	7,282.80	.....	37,032.50	961.41
Total.....	1,968,695.63	1,786,269.09	544,206.45	175,026.33	18,820,450.25	567,197.07

There are in other Italian towns similar federations to the ones at Milan and Genoa; a new one was formed in Rome in 1920 and one was in process of formation in Florence. The general impression given by a visit to the productive societies was that the War had not affected them adversely, but on the whole had benefited them. It is much to be hoped that a full investigation of the position and prospects of the cooperative productive societies will be made as soon as the present industrial unrest in Italy is settled. They form one of the most interesting features in the cooperative world today. Whether the Catholic productive societies and the Socialist ones will ever unite into a federation for all Italy remains a problem of the future. At present there are no signs of such an amalgamation becoming possible, but if it should ever happen, Italian cooperation will soon be in a position to control the greater part of Italian industry.

THE MOVEMENT IN VENETIA

Venetia is one of the strongholds of Catholic cooperation in Italy, and Venice is the center of a union of Catholic productive societies. The union is run on much the same lines as the Genoese and Milanese federations, except that it is as definitely Catholic in tone as the others are Socialist. An exception to this rule is a society of lace-makers in Venice itself, which was formed by charitable ladies to give employment to girls thrown out of work by the War. It also made clothes and had a large contract from the Government for uniforms. This society is non-political. A very interesting post-war development, however, is the group of Catholic reconstruction societies in the Piave Valley. This district was almost destroyed during the War, and the villages for a couple of miles on each side of the river are simply heaps of ruins, and the houses farther back from the river suffered from aerial bombardment.

The headquarters of the reconstruction societies is a Consorzio at Treviso, but the actual administration is carried on in two sections, one at Treviso and the other at Conigliano on the farther or eastern side of the river. The work is carried out under a certain amount of government supervision. The Ministry of Reconstruction pays for the rebuilding of destroyed property,

though if the owner wishes to build a better building than he had he can add to the sum paid. When the Ministry of Reconstruction sanctions a plan for rebuilding, preference is given to cooperative societies in placing the contract for reconstruction. A contract based on the contract form prepared by the engineers of the Ministry is filled in by the society which proposes to do the work and is then sent to the headquarters at Treviso, where it is submitted to the engineers of the Consòrzio and when passed by them is sent to the cooperative Banco di Lavoro, which will advance 60 per cent of the value of the contract. The Government pays in fortnightly instalments as the work progresses, but the Banco di Lavoro takes over the payments and repays its own loan, and the balance then goes to the society. The whole proceeding, from the application for reconstruction to the Ministry to the advancing of the money, takes only a few days.

The Consòrzio itself is governed by a committee of representatives elected by the cooperative construction societies, and has a staff of about 40 engineers and accountants. The Consòrzio was organized by the headquarters of the Catholic cooperative societies at Rome, who appointed the officials in the first instance. It then organized the societies, and is now controlled by a committee appointed by them. The impulse thus came from above, but the control now rests with the societies.

The Consòrzio is financed by taking 2 per cent on the contracts made by the societies. It also acts as a wholesale agent for the societies and supplies them with building materials, etc. It was financed in the first instance by the cooperative Banco di Lavoro, which is a federation of cooperative banks and is largely concerned in helping new societies.

Up to June 9, 1920, the Consòrzio had done work to the value of between 20,000,000 and 30,000,000 *lire*, and expected to do work to the extent of 50,000,000 *lire* in the next year. It had altogether about 1,800 houses to build, of which about 1,000 were under construction by the Conigliano division, and 800 by the Treviso division.

The following is a description of two typical societies at Fagare and Susegana. That at Fagare was founded in the early part of August, 1919; by May 31, 1920, it had done work to the value of

500,000 *lire*. It has 153 members, each of whom must be a shareholder. The shares are 25 *lire* each, and liability is unlimited. The balance-sheet had not yet been made up, but the manager thought it probable that they would have made a profit of about 50,000 *lire*. All such estimates, however, are very untrustworthy. The laws provide that the profits are to be divided as follows: 50 per cent to the members, in proportion to the work done by them, 20 per cent to interest on share capital, 20 per cent to reserve, and 10 per cent to the employes of the society, that is, to clerks, etc. Members are admitted by the committee of the society, but in case of refusal there is an appeal to the *probitri*, or committee appointed to deal with disputes. The working day is from 8 to 10 hours, and the wages vary from 1.40 to 2 *lire* an hour.

There are three different kinds of workers in the society: laborers, builders and carpenters. The manager of the society is himself a workman who has worked in many parts of the world—France, England and America—and seemed to be very intelligent. The premises consist of a small builders' yard, with a carpenter shop attached, and a small sawmill.

The society at Susegana was like that at Fagare, except that it has auxiliaries as well as members, 65 members and 65 auxiliaries; and, as it was undertaking specially important reconstruction work, it had a surveyor and an accountant of its own appointed by the Consorzio. The Susegana society was building a large number of houses, and, among others, rebuilding a convent school, which was quite a big piece of work. It has also taken over a small brick works which had been destroyed in the fighting, and was hard at work making bricks at the time of our visit. The furnaces had not yet been erected, nor had the society any machinery for making bricks, which were all being made by hand.

The whole work done seemed very good and well organized. It is run on definitely Catholic lines and the societies are looked upon as centers of Catholic propaganda in the same way that the Socialist societies are regarded by the Socialists. The offices, both of the league and of the individual societies visited, gave one the impression of great activity and concentration on the work;

and, however much the societies may talk politics out of working hours, in working hours they certainly stuck to business.

Though this Consòrzio and its component societies is entirely a post-war growth, it is clear that it is intended to be permanent, and that the Piave Valley, at any rate, will have a very strong cooperative organization from now on.

AGRICULTURAL COOPERATIVES

From many points of view the cooperative farming societies are the most interesting form of cooperation in Italy.

The Socialist farming societies are more interesting than the Catholic ones, as the former have many examples of collective agriculture, while the latter believe in individual ownership and their cooperation is mainly for the leasing of the land which is divided among the members. The headquarters of the Socialist societies is a subfederation of the Lega Nazionale situated at Bologna (*Federazione Nazionale di Cooperative Agricole*).

The societies are divided into two classes: (1) those which, like the Catholic societies, divide the land among their members (*affitanze divise*) and (2) those which practise cooperative farming (*affitanze collettive*). The first need not be described here, as they are roughly similar to the Rumanian societies. The second are more favored by Socialists, though the leaders of the federation are not doctrinarians and do not attempt to force their views where they are not sure of success.

The land system of Italy differs in different parts of the country, but the most usual system was the *mèzzadria* system, by which the landlord provides a certain proportion of the seeds, cattle, implements, etc., necessary for the cultivation of the land, the tenant works the land and the produce is given half to the tenant and half to the landlord. This system has become very unpopular and is rapidly disappearing. In the district near Florence, for example, the main features of the system have been retained, but a union of tenants has forced the landlords to come to a written contract with them, whereby the tenant's tenure is secured, and the exact amount of work he is to do for the landlord and the exact amount the landlord is to allow for every beast or be al-

lowed for beasts that die, etc., is laid down as rigidly as a fixed rent in money. Security of tenure was the chief desire of the tenants, but they are coming more and more to demand fixed money rents instead of the sharing system. Besides this, there is a strong movement in northern Italy for nationalizing the land, and in many cases land has been seized and cultivated by bodies of agricultural laborers. These seizures are called "invasions."

The lot of the agricultural laborer was bad, and as an outcome of a prolonged strike in the district of Reggio, Emilia, a piece of land was secured from friendly owners by a number of laborers and worked collectively by them to provide themselves with work during the strike and the slackness which succeeded it. From this the collective farming societies took their rise. Before the War these societies were growing rapidly and on the whole succeeding well, and during the War the Italian Government passed legislation to insure the proper cultivation of land, which helped them considerably.

In 1920 the societies were increasing so fast that the federation, which had been founded in 1918 with the special object of looking after the agricultural societies, could hardly keep pace with the work.

The societies are much helped by the fact that a great number of public bodies in northern Italy have Socialist majorities which are ready to let lands to cooperative farming societies. Private landlords also find the societies satisfactory to deal with; they are a solution to the labor difficulties which beset Italian landowners. Nearly all the agricultural labor is organized into trade-unions, which have done much to improve the condition of the laborers, but which make things difficult for the employers. A result of this is that there are hard and fast regulations as to the hours of work and pay for every kind of agricultural work. The work day is short (6 to 8 hours) and the meal times and rest times are carefully specified. This is possible in a country like Italy, where the climate allows of regular work in the fields, but it would be impossible in Ireland, where it is often impossible to prophesy what work can be done the next day.

The societies, which are usually attached to trade-unions, though separately organized, practically control the labor in their

districts and arrange at weekly or, in some cases, daily meetings who is to work for private employers and who to work on the society's land. Besides their agricultural work, the societies undertake contracts for draining, road-making and other manual work. As the societies usually have many more members than it would be possible to employ on their own land, they become a mixture of cooperative farming society and labor bureau. It is unusual for men to be employed for long consecutive periods on the society's land, but they take turns in working for the society and in working outside it. The foremen, heads and other responsible workers are, of course, full-time workers, but they get a lower rate of pay than the ordinary workers, as a balance to the security of their position.

Under the big federation at Bologna there are district federations, which employ accountants to audit the societies' books and experts to advise them on any difficulties that may arise. As may be imagined, the constant changing of the workers means complicated accounts, so that accountancy help is much needed.

The following description of two cooperative farms will serve to illustrate the various points which are mentioned above. Professor Mami, of the National Federation, was very kind in explaining the working of the farms.

Cooperative Farm at Massa Lombarda, between Bologna and Ravenna: This society farms about 200 acres of land, part of which (about 50 acres) is a fruit farm held from the owner of a jam factory on the *mèzzadria* system. Half of the fruit goes to the owner and the remainder is sold to him. There are 400 members in the society, of whom about 20 at a time are employed on the fruit farm and a small number on the ordinary farm. The total pay-roll in 1919 was about 70,000 *lire*. The workers get about 20 *lire* a day. The members of the society include practically all the agricultural workers in the small district of Massa Lombarda, so that any private landowner has to apply to the society if he wants a laborer, man or woman. The society takes contracts for road-making, etc. The foremen are called "special workers" and are employed for their whole time. They are paid 16 to 17 *lire* a day. (Prewar wages were from 4 to 5 *lire* a day.) The special workers are appointed by the manager of the society,

who is subject to an elected committee. The committee is elected for two years and one half retires each year. The shares are 10 *lire* each. The profits are divided in proportion to the amount of days worked by each individual, who is provided with a small book in which each day's work done by him is entered. The member's work is also entered in a ledger each day, and every week the books are sent to the local federation to be made up. The society has its office in the local trade-union hall, with which it is in close touch.

At Molinella, about ten miles north of Massa Lombarda, there is a larger society, which holds about 1,500 acres of land, of which about 500 is used for growing rice and about 250 for wheat and maize. The remainder is used as a reservoir for water to flood the rice fields, so that only about 750 acres are cultivated. Out of the 10,000 inhabitants of the district, 3,000 belong to the society, so that it has practically complete control of the labor of the commune. This society was formed in 1905, and after some years of struggle and loss was on the verge of ruin in 1912. In this year the members each gave a day's work free, to try to save their society, and a new and enthusiastic manager, Signor Massarenti, by reducing the expenses of administration from 23,614 *lire* to 1,255, brought the society to a sound financial position. In 1914 a profit of 790 *lire* was made. It was not possible to get figures for later years, but the society is said to be progressing well. It has a well-equipped farm with up-to-date machinery, threshing machines, tractors, etc. This society also undertakes contracts of various kinds. Signor Massarenti did not like rice cultivation, as he considered it very heavy and unhealthy work.¹ He hoped to be able to abandon it for other forms of agriculture. He is strongly opposed to any form of divided ownership.

As at Massa Lombarda, the work is done by the members of the society working in their turn, and only a few foremen are permanently employed, but they hope gradually to increase their

¹ Signor Massarenti is not a farm worker, but is a man who has devoted to the laborers in his district talents which would have gained wealth for himself.

land until they are able to keep their members permanently employed. The society holds its land on lease, not on the *mèzzadria* system.

Of the 150 farming societies belonging to the federation, about 100 are for collective farming on lines similar to the two societies described above, and the remainder are societies for dividing the land acquired by them among their members; but even these latter have sometimes a certain amount of land held in common for grazing or some other use which lends itself to collective ownership. In the same way, some of the Catholic societies have a certain amount of land held in common.

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