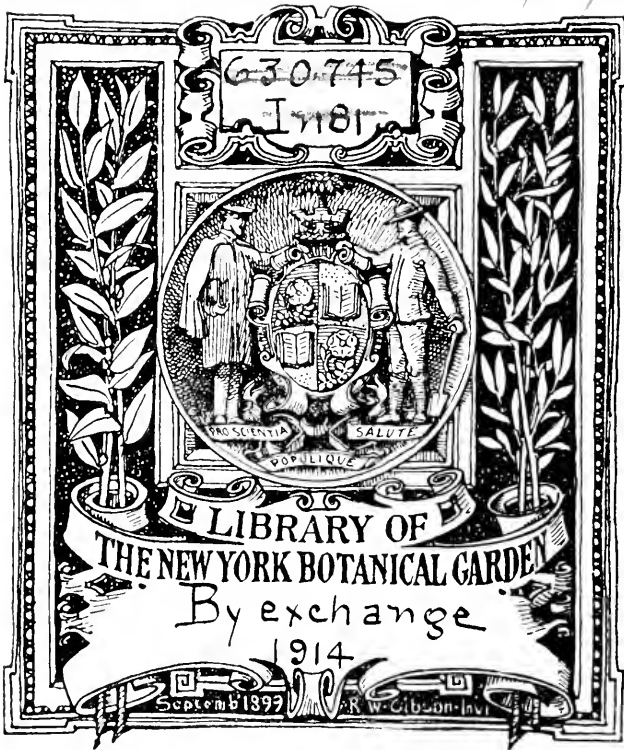
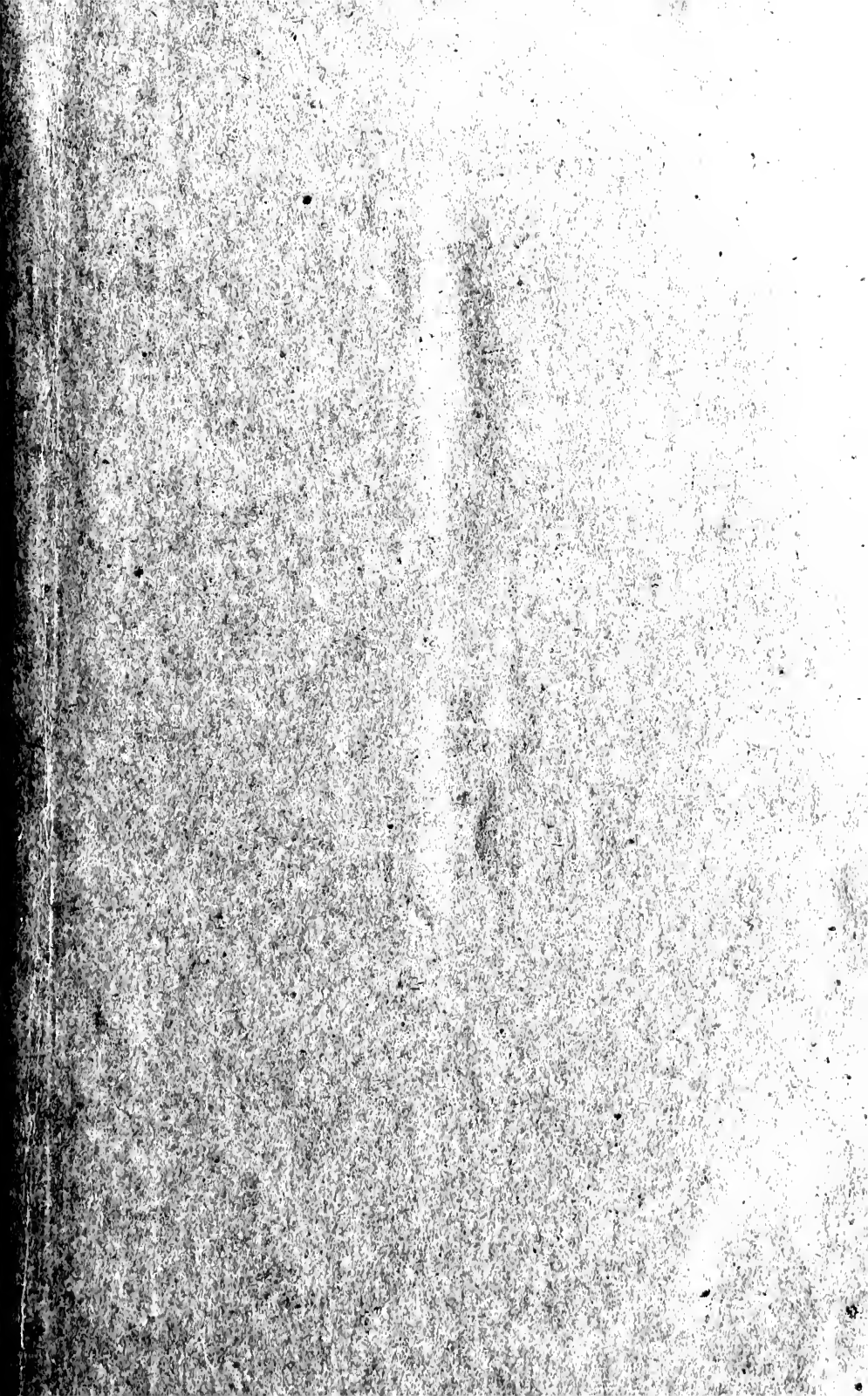


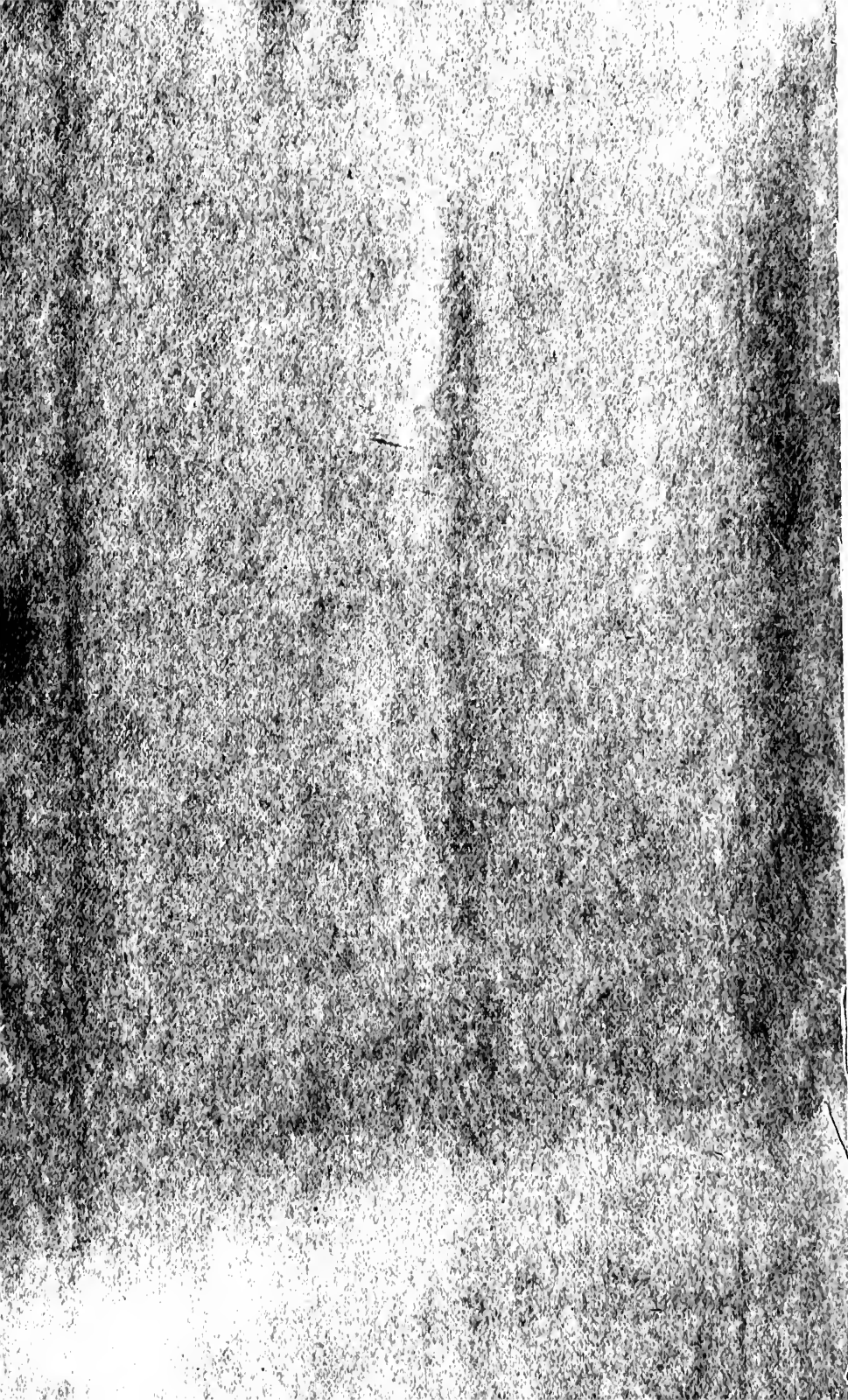
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3. MONTHLY BULLETIN OF THE BUREAU OF ECONOMIC AND SOCIAL INTELLIGENCE (published monthly in French, German, English, Spanish and Italian). (Each number consists of about 150 pages, 16mo) . . . . .	• 18	2 —
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### C. — OTHER PUBLICATIONS.

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The Institute, confining its operations within an international sphere, shall:

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(b) Communicate to parties interested, also as promptly as possible, the above information.

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(d) Make known new diseases of plants which may appear in any part of the world, showing the territories infected, the progress of the diseases, and, if possible, the remedies which are effective.

(e) Study questions concerning agricultural co-operation, insurance and credit in all their aspects; collect and publish information which might be useful in the various countries for the organisation of work connected with agricultural co-operation, insurance and credit.

(f) Submit to the approval of the Governments, if there is occasion for it, measures for the protection of the common interests of farmers and for the improvement of their condition, after having utilized all the necessary sources of information, such as the wishes expressed by international or other agricultural congresses, or by congresses of sciences applied to agriculture or agricultural societies, academies, learned bodies, etc..

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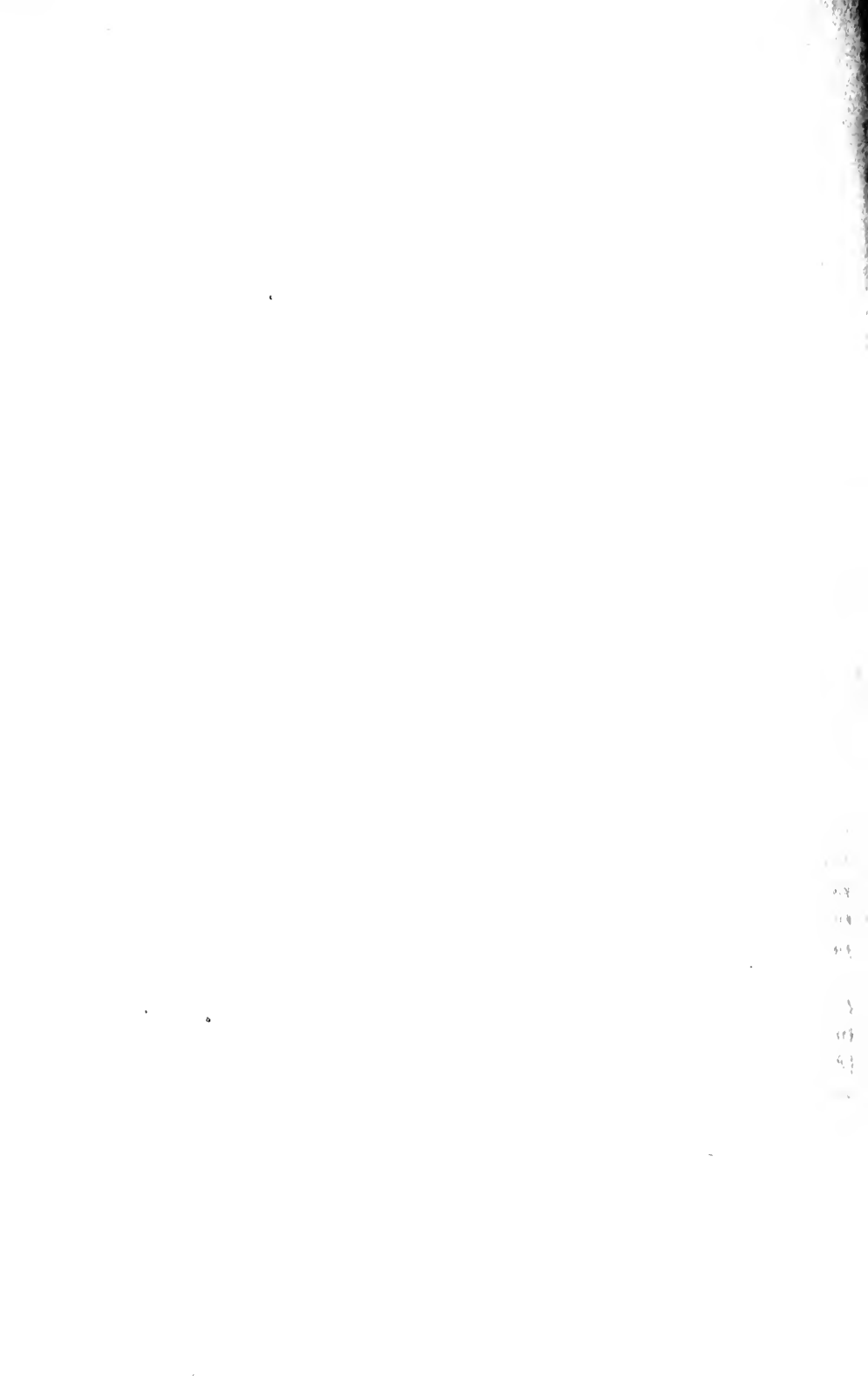
## EXPLANATORY NOTE

1. *The present Table of Contents refers to the twelve numbers of the Bulletin of Social and Economic Intelligence published from January to December, 1914, and includes, therefore, all the articles and notes dealing with Co-operation, Insurance, Credit and Agricultural Economy in General contained in these volumes.*

2. *The articles and notes relating to Co-operation have been grouped in 25 classes; those dealing with Insurance are divided into 12 classes; those which deal with Credit into 8 classes; and those which treat of Agricultural Economy in General into 19. A complete list of these classes precedes the Table. In our classification we have followed the rule of single entry and placed under only one heading those articles and notes which, from the nature of the subject treated, might appear in more than one group.*

*As it is not in every case clear why an article or note has been assigned to one group rather than to another, the reader must be prepared to refer to the several analogous groups in any one of which a particular article or note might appear. A dairymen's co-operative society, for example, may have as its object the protection of the general economic interests of dairy farmers as a class, or simply the improvement of the methods of production, transport, and sale, or again, the purchase and collective use of animals of the special dairy type. An article relating to such a society might appear under various headings, according as it deals more particularly with one or other of these objects.*

3. *In each group the articles and notes have been sub-divided by countries, following the alphabetical order as established in the arrangement of articles in the French edition of the Bulletin of Economic and Social Intelligence: (Allemagne, Argentine, Autriche, etc.). For each country the articles are arranged in the chronological order in which they were published. We have added a table giving the classification by countries.*



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- III. LEGISLATION.
- IV. INTERVENTION OF THE STATE AND OF PUBLIC AUTHORITIES.
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- VII. CO-OPERATIVE CREDIT SOCIETIES.
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- XIII. COLLECTIVE FARMS.
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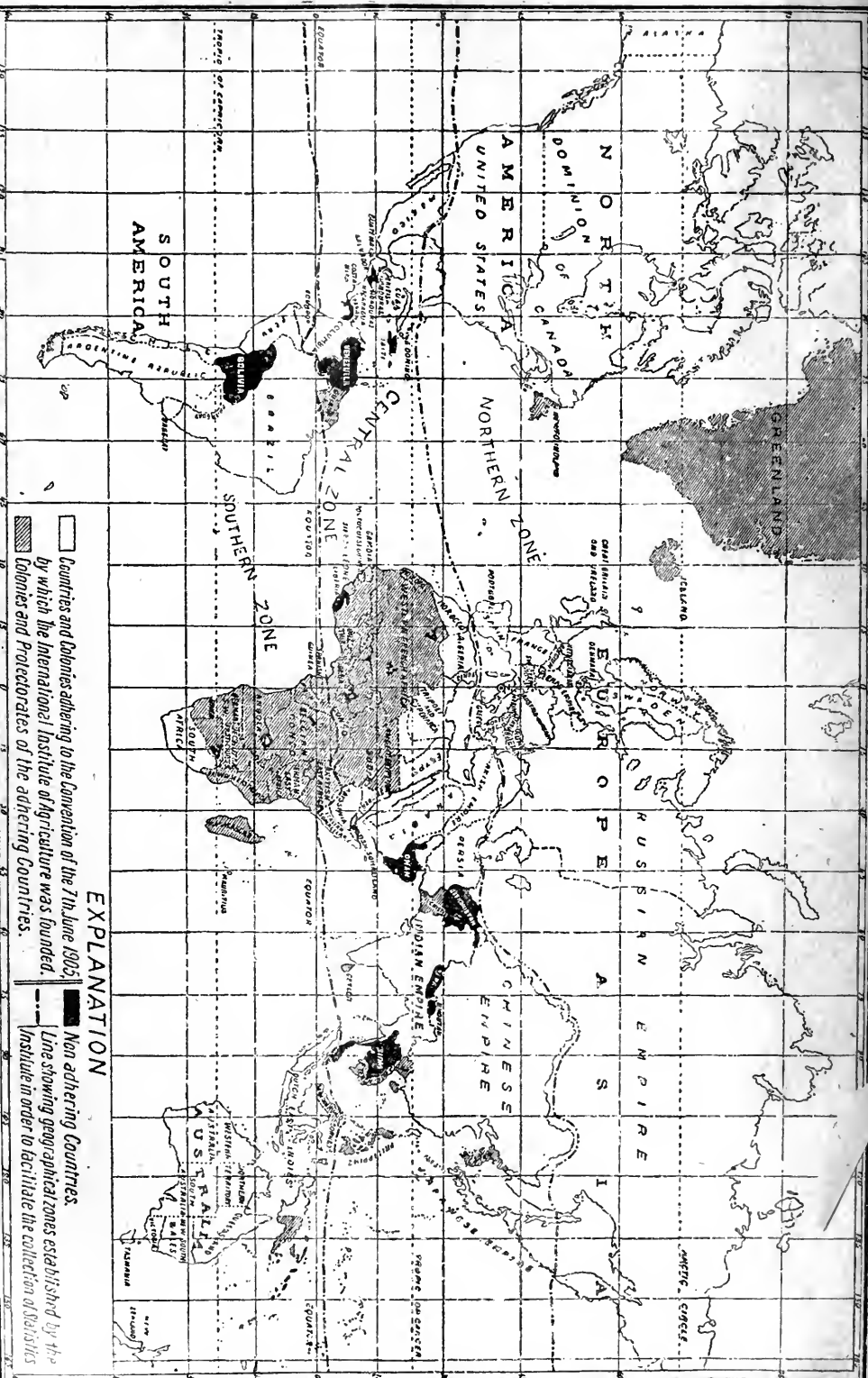
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INTERNATIONAL INSTITUTE OF AGRICULTURE  
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MONTHLY BULLETIN  
OF ECONOMIC AND SOCIAL  
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37<sup>th</sup>. VOLUME \* \* \* \*

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V<sup>th</sup>. YEAR - NUMBER I

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\* \* \* JANUARY 1914

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3. NOTES SUR LES STATISTIQUES DU COMMERCE EXTÉRIEUR DANS LES DIFFÉRENTS PAYS: Publications Statistiques, Territoire, Sortes de Commerce, Provenance et Destinations de Marchandises. (Notes on the Statistics of Foreign Trade in the Different Countries; Statistical Publications, Territory, Kinds of Trade, Source and Destination of Goods). (1913, 94 pages, 16mo) . . . . .	,, 1—
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5. LES BOURSES DES PRODUITS AGRICOLES DE HAMBOURG ET BUDAPEST (The Agricultural Produce Exchanges of Hamburg and Budapest). (1913, 55 pages, 16mo) . . . . .	,, 1—
6. LE MARCHÉ DES CÉRÉALES D'ANVERS (The Antwerp Corn Market) (1913, 62 pages, 16mo) . . . . .	,, 1—

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INTERNATIONAL INSTITUTE OF AGRICULTURE

BUREAU OF ECONOMIC AND SOCIAL INTELLIGENCE

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MONTHLY BULLETIN

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OF ECONOMIC AND SOCIAL

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## THE INTERNATIONAL INSTITUTE OF AGRICULTURE.

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The International Institute of Agriculture was established under the International Treaty of June 7th, 1905, which was ratified by 40 Governments. Thirteen other Governments have since adhered to the Institute.

It is a Government Institution in which each Country is represented by delegates. The Institute is composed of a General Assembly and a Permanent Committee.

The Institute, confining its operations within an international sphere, shall:

(a) Collect, study, and publish as promptly as possible, statistical, technical, or economic information concerning farming, vegetable and animal products, the commerce in agricultural products, and the prices prevailing in the various markets.

(b) Communicate to parties interested, also as promptly as possible, the above information.

(c) Indicate the wages paid for farm work.

(d) Make known new diseases of plants which may appear in any part of the world, showing the territories infected, the progress of the diseases, and, if possible, the remedies which are effective.

(e) Study questions concerning agricultural co-operation, insurance, and credit in all their aspects; collect and publish information which might be useful in the various countries for the organisation of works connected with agricultural co-operation, insurance and credit.

(f) Submit to the approval of the Governments, if there is occasion for it, measures for the protection of the common interests of farmers and for the improvement of their condition, after having utilized all the necessary sources of information, such as the wishes expressed by international or other agricultural congresses, or by congresses of sciences applied to agriculture or agricultural societies, academies, learned bodies, etc.

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# Part I: Co-operation and Association

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## LATIN AMERICA.

### MISCELLANEOUS NEWS.

#### MEXICO.

**ASSOCIATION OF THE CHAMBERS OF COMMERCE AND AGRICULTURE.** — On the initiative of the National Chamber of Commerce at Torreón, an Association of the Chambers of Commerce and Agriculture of the Republic has recently been founded at Mexico. The effort to give a uniform direction to the agriculture and commerce of the country by means of an agreement among the institutions by which the commercial and agricultural interests of the various regions are protected and developed must be considered as of considerable importance for the economic future of Mexico.

The association is based especially upon the following principles :

1. Study, from the highest and most general point of view, of economic questions, such as irrigation, immigration, export of produce, introduction of new kinds of farming, etc.

2. Participation of all the most important elements of the population in undertakings of general interest and mutual assistance.

3. Interchange of ideas and methods, and possibility of adopting modern ideas in the whole of the country. It cannot be denied that it is highly important to introduce regularity and uniformity into current usages in relation to commercial transactions, and this will be one of the greatest advantages to be derived from the association. It further contemplates the grant of bursaries to young men to enable them to study abroad the most modern commercial and agricultural methods, as well as the foundation of first class commercial and agricultural schools, subsidised by all the Chambers of Commerce and Agriculture.

4. Study of the best methods of production, circulation and distribution within the country, as well as the best means of supervising exportation. The question of sea and land communication and transport is of the

highest importance for the agricultural and commercial development of the Republic; the association proposes to give special attention to these problems, particularly with regard to the possible effect the approaching opening of the Panama Canal may have on them, as Mexico has a coast line of 3,883 miles on the Pacific and the Mexican States on the shores of that Ocean have a population of 5,165,569 inhabitants.

5. Encouragement of solidarity and the destruction of provincial prejudices. With this object the association will hold its annual meetings each year in a different region. At these meetings the questions of greatest interest from the agricultural and commercial point of view will be studied, account will be taken of the work accomplished by each Chamber during the year, the programme for collective action during the coming year will be drawn up and the adhering Chamber selected that is to represent the association for the period.

By means of these meetings the institution hopes to strengthen the bonds uniting the various Chambers, and their members, and put in practice suitable methods in order that good results may be obtained from all the collective undertakings.

#### URUGUAY.

I. — FOUNDATION OF THE FIRST RURAL BANK. — We have already spoken in a previous number of this Bulletin (1) of the difficult situation in which the small farmers and livestock improvers of Uruguay find themselves owing to want of capital. The Government, anxious about the situation, and desiring to introduce agricultural credit on a co-operative basis, has founded a rural credit department at the Bank of the Republic with a capital of 500,000 pesos, to provide cheap credit to farmers associated for the purpose.

The first practical result of this was the foundation of the first Rural Bank of Uruguay by a group of farmers of Ciudad de Melo.

By the law of 1912 for the foundation of rural banks in the country, they may obtain special loans at  $4\frac{1}{2}\%$  from the rural credit department of the Bank.

We think it well also to mention that these banks do not limit their operations to the grant of the credit required by their members, but facilitate the work of production, transformation, preservation and sale of produce derived exclusively from members' farms, as well as the carrying out of agricultural works of collective character.

The Rural Bank of Ciudad de Melo had at its foundation 30 members.

It is to be hoped that all the small farmers of the Republic will imitate this first group and benefit by all the advantages afforded by association.

(1) Compare *Bulletin of Economic and Social Intelligence*, September, 1913: "The Land Question and Agricultural Credit in Uruguay."



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2. — URUGUAY FARMERS' AND HORTICULTURISTS' ASSOCIATION. — The spirit of association by which European farmers have so greatly benefited is also penetrating among the rural classes of Latin America. One of the most recent manifestations of the movement has been the foundation of a general association of the farmers and horticulturists of Uruguay.

This institution, of which the formation now in course, will soon be an accomplished fact, considering the excellent reception given to it in all the agricultural circles of the country, offers great advantages for the agriculture of Uruguay, as appears from the principal objects it aims at.

Independently of the study and defence of the agricultural and horticultural interests, as well as of the encouragement to be given to this branch of national activity, the Association has the following special aims:

(a) to examine and present, uphold before the authorities and call for the realisation of all legislative reforms, as well as all economic measures, chiefly in respect to the charges by which the small farmer is burdened, the railway and customs tariffs, concessions and rights to stands in markets and at fairs;

(b) to facilitate purchase of manure, utensils, livestock, seeds, improved implements and all requisites for farming and horticulture;

(c) to promote and encourage experiments in cultivation, with manure, seeds and improved implements and all the other means for facilitating labour, increasing production, lowering the cost price and as far as possible reducing the high cost of living in the country districts;

(d) to encourage agricultural education and extend it by means of lectures, shows, publications, etc.;

(e) to encourage the sale of agricultural and horticultural produce;

(f) to occupy itself, finally, with whatever may advance the interests of agriculture and horticulture, especially thrift, assistance, credit and co-operation.

For the realisation of this programme, in addition to its Central Committee of Management, the Association has Sub-Commissions for agriculture, fruit-cultivation, viticulture, agricultural credit, agricultural defence and shows.

The members may be active or adherent. The active members will be the landowners, tenant farmers, farm managers, metayers, day labourers and generally all who work farms either themselves or by means of other persons or who contribute directly to the agricultural and horticultural production with their personal labour or their money.

The adherent members will be the sellers or buyers of implements, manure or agricultural produce, not in the above position.

The capital of the association will be formed by means of members' contributions.

In case of the dissolution of the society, its remaining funds will be devoted to a work of agricultural interest, selected at the general meeting, and under no pretext may they be divided among the members.

## AUSTRIA.

### THE REGIONAL ORGANISATION OF AGRICULTURAL CO-OPERATIVE SOCIETIES.

By DR. OTTO NEUDÖRFER,

Senior Secretary to the General Federation of Austrian Agricultural Co-operative Societies, Vienna.

#### VI. -- CO-OPERATION IN THE AUSTRIAN PART OF FRIULI.

##### SOURCES:

- ALMANACCO DEL POPOLO PER L'ANNO COMUNE 1909, Stemma della Federazione dei Consorzi agricoli del Friuli (*People's Almanac for the Year, 1909, Presentation Publication of the Agricultural Co-operative Societies of Friuli*).
- ANNUARI della Federazione dei Consorzi agricoli del Friuli 1907-1912. (Yearbooks of the above Federation, 1907-1912).
- SCHULLERN ZU SCHATTENHOFEN (Hofrat Professor Dr. Hermann, Ritter von): Das Kolonat in Görz and Gradisca, in Istrien, in Dalmatien und in Tirol (*The Colonat in the County of Goritz and Gradisca, Istria, Dalmatia and Tyrol*). Vienna, 1909. Hof u. Staatsdruckerei.
- MEYER (Pius): Zur Lage der Lehnbauern im österreichischen Friaul. Ein Beitrag zum Studium der Koloratsfrage (*The Situation of the Tenant Farmers in Austrian Friuli. Contribution to the Study of the Problem of the Colonat*). Goritz, 1909.
- OESTERREICHISCHE LANDWIRTSCHAFTLICHE GENOSSENSCHAFTSPRESSE (*Austrian Agricultural Co-operative Press*).

In respect to its co-operative organization the Austrian Friuli occupies a place apart. This little district presents certain peculiarities from the point of view of co-operation, and a remarkable difference from the other regions of the Monarchy both as regards the origin and the application of the co-operative idea.

Austrian Friuli, by which name the Italian part of the Country of Goritz and Gradisca is called, forms a large plain which, except for the northern hills of Collio and the marshy districts of the South, is fertile and well cultivated. The farmers cultivate various kinds of plants principally vines, mulberry trees and wheat. In spite of the abolition of the charges on land and the base tenancies, there still exists to day the *colonat*, a special kind of lease originating in the Middle Ages which, though it has now the appearance of a free contract, imposes the heaviest burdens on the peasant and robs him of all the profit of his hard work. " The Italian portion of the Country of

Goritz and Gradisca," says von Schullern in the work above cited, "shows us the *colonat* in its most ancient form and so widely extended that it is of the greatest importance for the whole economic and social life of the country and it is very easy to understand that the first appeals for rescue have come from these districts. Here the evils of the system are most apparent; and the more so, as we find, together with stipulations unworthy of modern times, forms of contract not only perfectly acceptable, but very suitable for all parties, to which the prosperous condition of the farm bears witness. On studying the matter more closely we find that the essential defects of the ancient system of *colonat* are the uncertain or excessively brief period of the contract; the absence of any guarantee the tenants have of eventual compensation for improvements on the farm, but rather almost the certainty of not receiving any; and finally and this is a peculiarity of the region, — the existence of base service (*Robottverpflichtungen*); the effect of all which, wherever these defects prevail, is most clearly manifested in the inadequate working of the farm, defective methods of cultivation, a very low level of education and so a situation not only disadvantageous for the farmers, but even for the proprietors themselves."

Generally speaking we may distinguish two classes of *colonat* in Friuli. First of all, that in which the land with the buildings is let for a fixed rent, all taxes being paid by the tenant. The second class includes all forms the conditions of which, taken generally, correspond with the system of mediæval *colonat*. The use of the land and buildings — the latter generally in extremely bad repair, — is granted to the peasants in return for compensations in kind (cheese, silk, poultry, eggs, fruit, wine, cartage, personal service etc.). To this is usually added the payment of a certain sum in money and of all the taxes. The landowner has, besides, the right to any compensation granted for loss through hail, inundations etc. Besides these heavy charges, the peasant must undertake other burdensome duties. He must first of all engage to repair serious damage done to his crops by hares, pheasants and any other game the landlord reserves, which may devastate the maize plantations and vineyards. The landlord has exclusive right to hunt and shoot. The peasant is strictly forbidden, under penalty of heavy fines, to remove or hunt game. Contraventions are severely punished and entail cancellation of the contract of lease. By definite clauses in these contracts the landlord is enabled to evict the tenant and his family at any moment.

It is not astonishing that under such conditions the farms have suffered. The burdens under which the population lived prevented the introduction of all modern and scientific methods of labour. At the same time, there was also unrestricted usury. The peasant, consequently, could not better his situation by borrowing money.

A certain number of energetic priests united in 1895, with the object of finding a remedy for this insupportable situation. The successful results obtained by co-operation in other countries, such as Italy, Germany, Switzerland and especially Upper and Lower Austria, induced them to make a trial of co-operation also in Friuli. Model rules were drafted for

Raiffeisen banks and livestock insurance associations, which were soon founded on the initiative of these priests in various localities, first of all at Capriva, Turriaco, Staranzano, Vermiliano and Grado. In 1899, four Raiffeisen banks, two insurance associations and a labourers' co-operative society united to form a federation, under the name of "*Federazione delle casse rurali e dei sodalizi cooperativi per la parte italiana della provincia di Gorizia e Gradisca*," with headquarters at Goritz. It is to be observed that, in contrast with all the other Austrian co-operative federations, this one started with a confessional basis, as it is laid down as one of its fundamental rules that the co-operative societies must maintain Christian principles and provide for the moral and material improvement of the conditions of existence of each of their members. The rules impose on the members the duty of scrupulously maintaining the Catholic spirit of the institution. From the date of the formation of the federation the advance of co-operation was rapid. There were:

In the Year	Raiffeisen Banks	Livestock Insurance Co-operative Societies	Co-operative Societies for Purchase and Sale	Other Co-operative Societies
1898 . . . . .	7	6	—	2
1899 . . . . .	8	9	—	4
1900 . . . . .	8	10	—	6
1901 . . . . .	8	13	—	6
1902 . . . . .	9	15	2	6
1903 . . . . .	12	15	2	11
1904 . . . . .	13	16	2	11
1905 . . . . .	16	16	3	11
1906 . . . . .	19	18	3	11
1907 . . . . .	28	18	4	18

Thus at the end of 1907 there were altogether 74 co-operative societies working with a total number of 6,800 members.

On October 13th., 1907, the organization of the federation underwent a radical change, being transformed into a limited liability association in the sense of the law on co-operative societies, under the name of "*Federazione dei consorzi agricoli del Friuli*," with headquarters at Goritz. This transformation was due to the rapid development of co-operation in Friuli to which the former legal form of the federation was no longer suited. The desire of assimilating the Friuli federation to the other federations of Austrian co-operative societies may also have contributed to the change.

According to the new rules, one of the essential objects of the federation is the constitution of a clearing house for the various Raiffeisen banks adhering to it; these banks are bound to pay over to the federation all their

available money and to borrow exclusively from the federation when in need. The new rules also provide for the comprehension of a goods business in the work of the federation. Since this change, co-operation has made very rapid progress, and to day the whole of Austrian Friuli is covered with a close network of agricultural co-operative societies. At the end of 1912, there were 99 societies adhering to the federation and they had altogether 9,600 members.

(1) Raiffeisen Banks . . . . .	34
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A very important department of the work of the federation is the scientific improvement of silkworm breeding, which is carried on very extensively in Austrian Friuli. The federation, aware that the period of incubation is the most important in silkworm breeding, as on the incubation the success of the silk crop depends, in good time decided on giving its attention to this branch of agricultural industry. The federation, first of all, caused the formation of an association of silkworm breeders among the peasants; this was afterwards transformed into a co-operative society of silk producers and is working satisfactorily. The object of the society is to purchase eggs of excellent quality and to provide for their scientific incubation and the collective sale of the cocoons.

The federation does not confine itself to this; with the help of its general secretary, who had had the opportunity of studying silkworm breeding, both theoretically and practically for many years, it organized the collective purchase of silkworm eggs, proceeded with the installation of incubation chambers and ovens for drying the cocoons, undertook instruction in the art of breeding silkworms and finally organized the collective sale of the cocoons.

The great success obtained in recent years in other regions by the use of incubation chambers for the scientific rearing of silkworms determined the federation to proceed with the installation of such chambers in the interest of silkworm growers. In 1907, the first was fitted up at Lucinico, under the management of a pupil of the Trent *Landeskulturrat* Institute and the immediate supervision of the federation, which provided all the necessary implements. In the following years, similar chambers were installed at Ajello, Capriva, Mariano and Romans; there are now eight incubation

chambers, no longer dependent on the federation, but worked by the silk producers' co-operative society. A calculation made by Signor Pius Meyer, general secretary of the federation, shows the material advantages obtained by improved silkworm breeding. According to it, 3,000 ounces of silkworm eggs gave under the old unscientific system, on an average, 40 kg. of cocoons each, which at the average price during the last ten years might be sold at 2.2 kr., per kg., that is for a total sum of 264,000 kr. Experience shows that by the scientific method, an average of 60 kgs. of cocoons may be obtained per ounce. These cocoons are besides quite uniform and perfect in structure, guaranteeing a greater yield of silk. At the average price of 2.8 kr. per kg., from 3,000 ounces of eggs 420,000 kr. would be obtained, that is a gain of 156,000 kr., nearly twice as much as under the old system.

In 1908, the federation determined to arrange ovens for drying cocoons. The want of these had long been felt by the peasants of Friuli. These ovens, by means of which the larvae are killed in the cocoons, assure the preservation of the latter for an indefinite time, that they may be offered for sale at the proper moment, whilst, for want of ovens, the peasants used to have to sell their cocoons at any price offered by the manufacturers, before the moth appeared, and were taken advantage of by the middlemen. First of all, a drying room with three ovens was installed at Romans, two of them on the horizontal system of the Brothers Menestrina and one on the Chiesa system. The two first are equally suited and largely used for desiccation of maize and wheat, by which means the federation has indirectly contributed to the fight against *pellagra*, which was very widely spread in that region. The ovens for drying cocoons have had the effect of considerably raising the prices and ensuring the stability of the market.

With regard to the goods business, the federation undertakes the purchase of articles required by the adherent societies for their account. It also assists them in commercial business, represents them with purchasers, customers and the authorities, settles disputes, gets analyses made and serves as intermediary in cases of claims to be made against the carrying trade. In 1912, the federation served as intermediary in goods business for the total amount of 84,751 kr.; this business was done in superphosphates, sulphuric acid, sulphur, basic slag, oilcake, wine, wheat, oil, agricultural machinery and implements.

From the start, the federation considered it as one of its principal duties, as far as possible, to enable poor but hardworking tenants themselves to become landowners in the region and assist them with its advice in their business. The disadvantages mentioned above under which the Friuli tenants suffer have been increased by unrestricted speculation in land, which is assuming more considerable proportions and is most of all indulged in by foreigners. These speculators prevent the peasants from buying the land immediately from the landowners at fair prices, while they themselves realise enormous profits, by which agriculture suffers.

Subdividers of landed estates (*Güterschlächter*) artificially raise the price of land to a considerable degree, ruin an incalculable number of

persons and often oblige entire families to emigrate. The federation is doing its utmost to bring a remedy here. In the last ten years, landed estates have been cut up and divided among tenant farmers at Mossa, Fiumicello, Sanpierdisonzo, Cassegliano and Aquileja. In the two last of these communes the federation was enabled, thanks to assistance from the I. and R. Department of Agriculture, to facilitate the sale of land to more than 90 farmers, thus assuring them a certain independence. In 1909, the federation purchased a landed estate (entailed) at Scodavacca, which was in danger of falling into the hands of speculators, in order to subdivide it and transfer the holdings to peasants, with the assistance of the I. and R. Department of Agriculture and a Viennese Bank. The estate was 300 *campi* in area (1 *campo* is about 3,600 sq. metres), and consisted of fields and meadows and there were 11 tenants' households on it. The allotment gave the federation much trouble, but, in spite of all difficulties, was brought to a successful conclusion. Thirteen holdings (land and buildings) of from 1 to 12 hectares each were sold to experienced farmers. The federation itself has undertaken the administration of the manor house and outhouses, as well as from two to three ha. of garden for a period of ten years and during that time it will supervise the farmers and give them assistance; the portion of the estate above mentioned of which the federation has reserved to itself the management will be utilised for horticulture and poultry and rabbit improvement, so as to show the old tenants, now become small landowners, the considerable yield to be obtained from these agricultural industries.

Thus, the federation has perfectly realised the first part of its programme. The second part consists, as has been said, in the supervision to be exercised over the peasant land holders in order to ensure the maintenance of their holdings and protect them from losses. For this purpose, during the next ten years it will place at the disposal of the peasants storehouses for grain, ovens for desiccation of maize, cellars for the fermentation and preservation of wine, as well as the necessary implements and machinery. The local Raiffeisen bank will make provision for the loans and savings business; a co-operative purchase and sale society will provide those concerned with farm requisites, and will act as intermediary for the sale of milk, fruit, vegetables etc. and all these undertakings will be supervised by the federation. In winter, lectures will be arranged so that the peasants may be given the knowledge they require in order to establish themselves in their new position, by no means an easy matter for all, and derive the greatest profit from it.

Thus, not only has the federation contributed to a large extent towards co-operation and home colonisation, but it has also given efficacious aid in improving the material conditions of existence of the small farmers. The agricultural co-operative societies are still the pivot of its action. The Raiffeisen banks serve as savings banks for the peasants, accustom them to a reasonable investment of their surplus funds, and ensure them against the danger of being unable to fulfil their engagements at critical moments. These banks grant loans on produce, if the peasant, on account of the un-

favourable situation of the market, cannot immediately sell at a fair price and their general meetings have a generally instructive and salutary effect on the peasants. The federation, by creating two co-operative dairies, has placed them in a position to sell their milk easily and at good prices. The dairies stimulate them to improve their livestock, to increase it and to transform the less productive vineyards into pasture land.

The federation, by means of the institution of a cellar at Scodavacca and a warehouse for sales at Goritz, has put the peasants in a position to sell their wine at profitable prices. Silk cocoons, which represent for the small farmer a source of revenue of the first importance, are sold by the federation to the silk mills. The co-operative societies for purchase and sale provide the peasants with artificial manure, sulphur, sulphuric acid, cattle foods etc; and arrange the sale of their members' agricultural produce, thus putting a stop to usury and other evils which tended to reduce the income from the farms. The numerous livestock insurance cooperative societies are governed by rules approved by the State, save the peasants from pecuniary loss in case of the death or compulsory slaughter of their livestock and incite them to give their livestock better treatment.

Finally, the peasants' and labourers' associations have to make provision for education in order that the instruction of the people may be advanced. Through the medium of these societies, the federation can more easily supervise the peasants who have become small landlords, incite them to work and instruct them.

Thus, the federation, though with limited material resources at its command, has largely contributed, through the disinterestedness and indefatigable persistence of its officers, especially Monsignor Faidutti, the president, and Signor Meyer, the general secretary, to the improvement of the conditions of the existence of the peasants, who, a few generations ago lived in great misery.

Certainly, there is still much to be done; but the results up to the present obtained justify the hope that in the near future the federation will attain its noble end, that is to say the personal emancipation and the economic independence of the peasants.

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## BELGIUM.

### THE LEGAL REGIME OF THE COMMERCIAL SOCIETIES AND THE LAW OF MAY 25TH., 1913.

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- LA NOUVELLE LOI BELGE SUR LES SOCIÉTÉS COMMERCIALES. (*The New Belgian Law on Commercial Societies*). Moniteur des Intérêts Matériels. Brussels, Nos. 72, 75, 78; June 15th., 22nd. and 29th., 1913.

Before the coming into force of the new Belgian law of May 25th., 1913, on commercial societies, these societies were regulated by the laws of May 18th., 1873, December 26th., 1881, May 22nd., 1886 and May 16th. 1901. After 1903 it was seen to be necessary to introduce some amendments into these laws and it was just in that year that M. Picard made a proposal in the Senate for the reform of the legal régime governing the commercial societies. The principal object of this proposal was to prevent the faults ordinarily committed in the formation and working of the societies by the founders and managers to the detriment of the public, who are often victims of their own inexperience. But the Government, considering this bill incomplete and desiring on the other hand to introduce into the 1873 law a series of amendments, in conformity with a definite plan, in February, 1904 presented on its own account another bill, partly inspired by the conclusions

of an extra-parliamentary commission, instituted in 1894 for the study of the question, and partly by various proposals presented in Parliament and foreign legislation. This bill, discussed and approved by the Senate in 1905 afterwards communicated to the Chamber and referred by it to special commissions for study, was discussed by it towards the end of 1912 and the beginning of 1913 and became law in May, 1913.

The amendments introduced by this law into the previous régime also made it necessary to co-ordinate the former provisions with the new ones and this was sanctioned by Royal Decree of July 22nd., 1913.

Most of the new provisions refer to the limited liability societies and in less degree to the other classes of societies. We, however, think it well to take this occasion to state briefly the fundamental principles regulating the various classes of commercial societies in Belgium and we shall do so in the following paragraphs.

### § I. GENERAL PROVISIONS GOVERNING SOCIETIES.

It should first of all be said that the provisions governing societies contained in the above laws and divided into twelve sections, form Part IX of the 1st. Book of the Commercial Code. This Code, promulgated in 1807, is now to a large extent abrogated and substituted by special laws.

The provisions of a general character are contained in the first section and may be summarised under the following heads.

Six classes of commercial societies are recognised, namely: societies of collective title, ordinary societies *en commandite*, limited liability societies, societies *en commandite* limited by shares, *co-operative societies* and *credit unions*.

Each of these societies has its civil personality, distinct from that of its members.

There exist also temporary and profit sharing commercial associations which the law does not recognise as civil persons and the existence of which is established by registers, correspondence and eventually by witnesses.

As regards the form of the contract of the society, societies of collective title, ordinary societies *en commandite* and co-operative societies must, in order to be legal, be constituted by special deeds, either public or with private signature, in the latter case conforming with article 1,325 of the Civil Code. This article lays it down that private deeds containing reciprocal agreements must, in order to be valid, be drafted in as many original copies as there are parties with separate interests, a single copy sufficing for all persons who have equal interests. In the case of *co-operative societies*, duplicates suffice.

The limited liability societies and the societies *en commandite* limited by shares must always, however, be constituted by public deed.

In the case of societies of collective title and ordinary societies *en commandite*, an abstract of the deed must be published. It must contain the

precise designation of the members jointly and severally liable, the title of the society for commercial purposes, indication of the members entrusted with the management and with right to sign for the society, indication of the amounts contributed or to be contributed *en commandite*, precise indication of the members who must contribute these amounts, with indication of the obligations of each; the date at which the society is to commence working and that at which it is to cease to exist.

On the other hand, the deed of constitution of the limited liability societies, the societies *en commandite* limited by shares and the co-operative societies is published in full.

To be valid, any alteration in the above deeds must be made in the manner required for the deed of constitution.

Publicity must also be given, in order that they may be valid against third parties, to acts modifying the provisions the publication of which is ordered by law, as well as to appointments, resignations and dismissals of managing directors, commissioners and liquidators of limited liability societies.

Previously, this formality was only required for the deed of appointment of directors, but it has had to be recognised that the public has an interest in being advised not only of the appointment, but also of the resignation and dismissal of directors, that is to say of the acts terminating their functions. Their powers are defined in the deed of constitution and in the later deeds for the carrying out of the deed of constitution.

Other provisions refer to the manner of delivery and publication of the above documents.

Let us now examine the fundamental rules regulating the various classes of societies in all their business, following the order given them in the Code and naturally taking into account the provisions of the new law of May 25th., 1913.

## § 2. SOCIETIES OF COLLECTIVE TITLE.

Under this head are included societies formed between two or a larger number of persons for the exercise of commerce in the name of a firm. Only names of members may be included in the title of the firm.

The members of a society of collective title are jointly and severally liable for all engagements entered into by the society, even if signed by only one of them, provided he has the right to sign for the society.

## § 3. ORDINARY SOCIETIES *EN COMMANDITE*.

The ordinary society *en commandite* is formed by one or more active members jointly and severally liable and one or more members who simply invest their money in the firm and are sleeping partners.

In this case, the title of the firm must of necessity include the name or names of one or more of the active members; the names of the sleeping partners cannot appear.

When there are several members unlimitedly liable, the society is at once, with respect to them, one of collective title, and, with respect to the sleeping partners, a society *en commandite*.

The sleeping partner is only liable for the debts and losses of the society to the amount for which he has engaged. Yet he may be obliged to restore the interest and dividends he has received, if they were not paid out of the real interest of the society, in which hypothesis, if fraud, dishonesty or negligence is proved against the managing director, a sleeping partner may prosecute him for repayment of the amount he should return.

The sleeping partner may not, as such, perform administrative acts, even by proxy. Any act, in contravention of this prohibition, renders him liable towards third parties for all the obligations of the society. On the other hand, the commercial opinions, advice, inspection and supervision, as well as the authorizations given to the managers for acts exceeding the limit of their powers, create no obligation for the sleeping partner.

In case the managing director dies, becomes legally incapable or is otherwise prevented from acting, if it is established in the deed of constitution that the society shall, notwithstanding, continue its existence, the president of the Commercial Court, when the rules do not otherwise provide, may, at the request of those concerned, appoint an administrator to deal with urgent business and the work of ordinary administration. Any interested party may make objection to this order. The objection must be notified both to the person appointed and the person asking for the appointment.

#### § 4. LIMITED LIABILITY SOCIETIES.

As we have said, the reform of the legal régime of the commercial societies, in accordance with the law of May 25th, 1913, principally affected the limited liability societies, which, in the country we are dealing with, are of considerable importance. And, as studies are being made with regard to the same reform in other countries, it seems to us advisable to consider the manner in which it was carried out in Belgium.

1. *Nature and Title of the Limited Liability Societies.* — The limited liability society is characterized in the first place by the limited liability of all the members, up to a given amount, and by the fact of the names of partners not appearing in its title. It is given a special name or is, designated in conformity with its object. This name or designation must be different from that of any other society.

2. *Formation of the Society.* — To form a limited liability society it is required: (1) that there be at least seven members; (2) that the capital be entirely subscribed; (3) that at least a fifth of each share (*action*) be paid up in cash or by means of a sufficient contribution. The law was formerly

satisfied with one tenth. It must be proved by an authenticated deed that these conditions have been observed.

Further: to prevent abuses of frequent occurrence in the formation of societies, above all through the exaggerated value given to contributions, in meeting the claims of which the future of the undertaking is sometimes sacrificed, wise precautions have been taken by the framers of the Belgian law, in the provision laying down that the deed of constitution of a society must henceforth contain :

(1) the specification of all contributions other than those in money, the conditions on which they were made, and the name of the contributor ;

(2) The transfers of which the real estate contributed was the subject in the five preceding years, and the conditions under which it was transferred ;

(3) The mortgages on the real estate contributed ;

(4) The conditions to which the realisation of the rights contributed optionally is subject ;

(5) The reasons for which special advantages are granted to any of the founders, and the amount of these.

Article 40 bis of the new law provides for further guarantee of the reality of the contributions at least in those cases in which securities are given in return.

This article says : " Shares (*actions*) representing contributions not made in money and any security directly or indirectly giving a right over these shares, shall only be negotiable ten days after the publication of the second yearly balance sheet. Until the expiration of this term, they can only be transferred by public deed or private writ, of which notice has been given to the society within a period of a month, under pain of nullity of the transfer. Deeds relating to transfer of these shares shall indicate their nature, date of creation and the conditions laid down for their transfer."

Up to the present, the promoter of a society, seeking unlawful gains, obtained in exchange for his contributions an extraordinary quantity of securities which he hastened to realise, taking advantage of the favourable current, easily produced by astute propaganda in favour of the foundation of the society. Henceforth, the above provision will prevent his negotiating these securities, until after a minimum period of two years, when the financial results of the society have established the real value of the shares.

The new law, like the previous one, contemplates two modes of forming societies. The first, the most frequent, by means of one or more authenticated deeds, to which the members are parties, either personally or by proxy. The parties to these deeds shall be considered founders of the society. The other is the constitution of the society by subscription, preceded by an authenticated public deed, under the name of prospectus.

The same formalities and conditions as are required for the foundation of the societies are also necessary in the case of each increase of capital. The rules therefore can no longer, as was frequently the case, authorize the board of management to increase the capital, but must in this respect follow regulations definitely laid down.

Finally, as limited liability societies are most usually founded by authenticated deed to which a small number of founders are parties, subscribing all the shares, with the intention of later on offering them for public sale, the law, to prevent the evils consequent on this, has had recourse, in the interest of the public, to the security offered by wide publicity. Article 34 bis of the law of May 25th., 1913 (art. 36 of the Commercial Code) prescribes as follows:

“ The public exhibition, offer and sale of shares (*actions* or *parts*), or securities, of whatever title, must be preceded by the publication, in the supplement to the *Moniteur* of a notice dated and signed by the vendors, together with the names, surnames, profession and residence of those signing ;

(1) the date of the deed of constitution of the society, and of all deeds amending the rules and of their publication ;

(2) the object of the society, the share capital and the number of shares ;

(3) the amount of capital not paid up and that still to be paid on each share ;

(4) the composition of the boards of management and supervision;

(5) the declarations required as above in relation to contributions;

(6) the last balance sheet, and the last profit and loss account or statement to the effect that the latter has not yet been published.

The publication in question must be made at least ten full days before public exhibition, offer or sale.

3. *Shares and Transfer of Shares.* — The capital of the societies consists in shares (*actions*) on which their value may or may not be shown. Independent of the shares (*actions*) representing the capital of the society, others (*titres de participation*), may be issued which shall entitle to rights laid down in the rules.

The shares (*actions*) may be divided into *parts*, of which a certain number shall confer the same rights as the *action*. Both *actions* and *parts* bear the number of their issue.

Distinction is made between personal shares, the ownership of which is established by means of an entry in a special register kept at the head quarters of the society and transfer of which is effected by means of a declaration entered in the same register, dated and signed by the transferer and the transferee ; and shares to bearer, bearing the signature of at least two managers, and transferable by means of simple delivery of the title.

The shares (*actions*) are personal until fully paid up; the owners of shares (*actions* or *titres*) to bearer may, at pleasure, demand their conversion, at their own expense to personal *actions* or *titres*.

Lastly transfer of shares is only valid after the definite constitution of the society and payment of the fifth of their amount.

4. *Management and Supervision of Limited Liability Societies.* — These societies are managed by persons appointed for a time, who may be dismissed, and receive remuneration or not, and, unless the rules make provision otherwise, have power to perform any act in connection with the manage-

ment and any legal action in the name of the society. But in so doing, they assume no personal liability.

They must be at least three in number. They are appointed at the general meeting of shareholders and in the first instance by the deed of constitution of the society. The term of their office may not exceed six years, but they may be re-elected, unless the deed of constitution makes other provision.

Each manager must deposit as security a certain number of shares, established in the rules. These shares must be personal.

The daily despatch of business as well as the charge of representing the society may be delegated to directors, representatives etc...whose appointment, dismissal and powers are regulated by the rules.

The supervision of the societies must be entrusted to one or more commissioners, members or not, elected at the general meeting of shareholders for a period not exceeding six years, and also bound to give security in shares. They have unlimited right to supervise and inspect all the work of the society. Every six months the board of management submits to them a statement of accounts.

Further, by the new law, the commissioners may obtain the assistance of an expert, approved by the society, for the examination of the books and accounts. If an agreement cannot be come to in regard to the choice of the expert, he shall be appointed by the president of the Commercial Court.

This provision is an appreciable advance on previous legislation, under which it often happened that the commissioners were unable to carry out their mandate properly, owing to their inexperience.

(5). *General Meetings.* — The general meeting of shareholders has the most ample powers for accomplishing or ratifying acts affecting the society. Unless otherwise prescribed, it has the right to amend the rules, without, however, being able to change the essential object of the society. However, the meeting itself cannot lawfully decide on proposals for the amendment of the rules, if the substance of these proposals has not been specified in the agenda and if the shareholders present do not represent at least half the capital of the society. No increase or reduction of the capital may be decided on without the observance of the conditions laid down for the amendment of the rules.

Finally, a new and important provision is that the right to vote conferred by shares not paid up shall remain reserved, until the contributions regularly demanded and due are paid.

6. *Balance Sheets.* — In the reform with which we are dealing, the framers of the law concerned themselves greatly about the balance sheets which ought faithfully to reflect the situation of the societies. The matter gave rise to long discussions in both the Chamber and the Senate. Many would have liked to insist on a uniform model for all the societies, to ensure clearness. But in the end the idea of so rigid a rule was renounced, as it could not have been applied in every case. The new law, therefore, limits itself to requiring that the balance sheet shall show separately the immobil-

ised and realisable credits, the society's debt towards itself, its engagements, its mortgage debts and debts not secured on real estate.

The amendments for a further development of the balance sheet, by the introduction of details meant to give a precise idea of the various items forming the credits, were rejected. And those which aimed at obliging the societies to publish the list of their bills and acceptances suffered the same fate. Publicity of this kind might in fact have led to inconveniences. Nevertheless, the law attempts, by other clauses which the space left to us does not permit of our reproducing, to provide so that the shareholder may inform himself as to the most important of these bills and acceptances.

7. *Issue of Bonds.* — The innovations introduced by the new Belgian law on commercial societies in respect to bonds must be counted among the most important and the most successful. These bonds are generally issued by limited liability societies after their definite constitution and have the character of real liabilities guaranteed by the share capital. The law has shown on this occasion special solicitude for the interests of the bond holders, hitherto somewhat neglected.

In fact, to protect them from disagreeable surprises and provide them with the means of effectively defending themselves, a series of provisions has been introduced, inspired by the following four classes of ideas: (1) wide publicity given to the; issue and sale of the bonds; (2) special indications to be given on the bonds; (3) issue of bonds on mortgage; (4) organisation of the general meeting of bondholders.

Art. 68 indeed prescribes a system of publicity for the issue and sale of bonds similar to that we have mentioned for shares.

The provisions with regard to mortgage bonds are specially interesting.

Let us say, in the first place, that, according to Belgian law, mortgages can only be passed in favour of a definite individual, a person, physical or legal. Consequently, the holders of bonds, that is to say of credit securities not naming the holder, were up to the present without this precious guarantee. The new law, by a wise provision, based on foreign laws, has extended the advantages of the mortgage bond to the bonds of the commercial societies.

It, in fact, establishes that a society may mortgage real estate to guarantee loans it contracts under form of issue of bonds. Registration is made in favour of the whole group of bondholders, the name of the creditor being substituted by that of the securities representing the credit guaranteed. The mortgage takes the place due to it by date of entry, without the date of the issue of the bonds being considered. The entry must be renewed by the managers on their responsibility before the expiration of the fourteenth year. If the renewal is not made by the member, any bondholder has the right to make it.

But perhaps the best guarantee the new law offers the bondholders is the power it grants them of assembling for the defence of their common interests and discussion with the society in general meeting where they are



able, according to the forms laid down, to take decisions, which are fully binding and which the meeting may order its officers to carry out.

The law lays down in fact that the board of management and the commissioners may call a general meeting of bondholders, and that they are bound to do so at the request of a number of bondholders possessing bonds representing one fifth of the amount in circulation.

This general meeting has the right : (1) to receive depositions for the purpose of according the bondholders special guarantee, or modifying or cancelling guarantees previously established; (2) to postpone the date of maturity of one or more classes of interest, to consent to the reduction of the rate of interest or the modification of the conditions for payment ; (3) to prolong the period for extinction of debt, to suspend the payment to sinking fund and to modify the conditions of payment ; (4) to allow the credits due on bonds to be substituted by shares (*actions*) ; (5) to decide upon action for the defence of the common interest ; (6) to appoint one or more officers to execute the decisions taken in accordance with numbers 1 to 5, and represent the body of bondholders in all suits relating to the reduction or cancellation of mortgages registered.

The decisions of the meeting shall be binding if approved by holders of as many bonds as are required to make up two thirds of the amount in circulation, in the cases contemplated under nos. 1 to 5, and by a mere majority in the case contemplated in no. 6.

At the suit of those concerned, a curator shall be appointed to represent the whole body of bondholders in proceedings in connection with the paying off of a mortgage or the expropriation of the real estate mortgaged. The appointment is made by the president of the Civil Court.

Limited liability societies may not issue bonds to be redeemed by being drawn for, at a rate above the rate of issue, unless the bonds bear interest at least of 3 %, are redeemable at the same amount and that the yearly instalments of sinking fund and interest remain invariable for the whole period of the loan.

The amount of these bonds may in no case exceed that of the paid up capital.

Besides, there is always a condition left to be understood in contracts of loans realised under the form of issue of bonds, in case one of the parties does not fulfil his engagements : in that case, the contract is not cancelled of itself, but the party suffering by the breach of contract may force the other to keep his engagements or may ask for cancellation.

## § 5. SOCIETIES *EN COMMANDITE* LIMITED BY SHARES.

These societies differ from ordinary societies *en commandite* in that their capital is divided into shares, bearing signature of the managers and two commissioners. Each society has a title consisting of the names of one or more responsible members, to which a special designation may be

added, but in that case, it must always be followed by the words «society *en commandite*, limited by shares».

Although it has members whose liability is unlimited, this class of society in general conforms to the rules governing limited liability societies examined in the preceding section. Thus we shall not delay over it.

#### § 6. CO-OPERATIVE SOCIETIES.

According to the law, the co-operative society is one "composed of members whose number and contributions are variable and whose shares (*parts*) can never be transferred to others". Yet it must have at least seven members. These may be jointly and severally liable, or individually to an unlimited degree or up to a fixed amount.

The co-operative society has not a title in which members' names appear, but a special designation.

The deed of constitution must contain, to be valid, the following particulars: (a) the name and head quarters of the society; (b) the object of the society; (c) the precise indication of the members; (d) indication of the way in which the share capital is made up and its minimum amount.

The deed must further show: (1) the term for which the society is founded, which may not exceed 30 years; (2) the conditions for admission, withdrawal or expulsion of members, as well as those for the return of contributions; (3) everything relating to the direction, supervision and working of the society (there need be only one managing director, who need not belong to the society); (4) the rights of members, the mode of calling the meetings, the majority required for passing measures; (5) the manner of distributing the profits and losses; (6) the liability of members, that is, whether they are liable to the extent of their whole assets or only up to a certain amount.

If the rules do not contain information on the above points, the following regulations shall apply: (1) the term for which the society is formed shall be 10 years; (2) the members shall have power to leave it, and can only be expelled for non-fulfilment of the contract binding them to the society; the general meeting shall decide upon the admission and expulsion of members and shall authorize the return of contributions; (3) the society shall have one manager and be supervised by three commissioners appointed as in limited liability societies; (4) all members shall have equal right to vote at the general meeting, and the decisions shall be taken in conformity with the rules in force in the case of limited liability societies; (5) the profits and losses shall be divided every year among the members, half in equal proportion, half in proportion to their contributions; (6) the members shall be all liable jointly and severally.

Every co-operative society must, further, keep a register, numbered and initialed, without expense, with, on its first page, the deed of constitution, and on the following pages: (a) the name, profession and residence

of the members ; (b) the date of their admission, voluntary resignation or expulsion ; (c) the account of the amounts paid by each or withdrawn by him .

Every six months the director of the society must deposit with the registrar of the Commercial Court a statement giving the name, profession, and residence of all the members, in alphabetical order. The public may consult the document free of charge.

The rights of each member are represented by a certificate made out in his name, giving the name of the society, the name, condition and residence of the owner and the date of his admission into the society ; the whole signed by the member himself and by the officer entrusted with the management of the society authorized to sign for it. This certificate further gives, in order of date, the various payments made by and to the holder of it. These annotations are, according to the circumstances, signed by the society or the members, and serve as receipts. On the certificate itself, which is exempt from stamp and registration duty, the rules of the society are reproduced.

Certain guarantees are required from the co-operative societies, as well as from the limited liability societies. These are the annual taking of stock, the formation of a reserve fund, the insertion, in full, on all documents of the words " co-operative society ", the obligation to deposit every six months, as above stated, the lists of members as well as the balance sheets with the registrar of the Commercial Court, within a fortnight from date of their approval. Further, the directors must, within a week from their appointment, deposit with the same registrar an abstract of the deed by virtue of which they discharge their functions.

#### § 7. CREDIT UNIONS.

By law of May 25th., 1913, the provisions relating to Credit Unions, in the special law of May 16th., 1901, form a new section, the VIIth. of Book I, Part IX, (Of Societies) of the Commercial Code. We must understand under this name, " societies, the special object of which is to obtain capital for their members by means of discount. " They have their special names, to which are added the words " Credit Union ", and they conform to most of the rules on co-operative societies dealt with above.

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## RUSSIA.

### CO-OPERATION IN RUSSIA.

*By S. de BORODÁEVSKY, Assistant Manager at the Department of Commerce  
and Industry at St. Petersburg.*

The co-operative movement in Russia began in 1865, when the first loan and savings association and the first distributive society were founded. But only in the last ten years have the various forms of co-operation developed to a considerable degree. In proof of this, we reproduce the following table in which the number of the co-operative institutions in 1904 is compared with that in 1913.

Institutions —	Number of Co-operative Societies, excluding those of Finland.	
	1904 —	1913 —
Credit Co-operative Societies (Russian System) .	378	9,200
Co-operative Loan and Savings Societies (Schulze Delitzsch System) . . . . .	852	3,300
Distributive Societies. . . . .	930	7,500
Agricultural Societies . . . . .	700	4,000
Co-operative Agricultural Societies . . . . .	75	900
" Societies for Production . . . . .	70	600
" Granaries . . . . .	—	500
" Dairies . . . . .	80	2,500
	3,085	28,500

In order to obtain a clear idea of the present state of co-operation in the whole of Russia, we must bear in mind the fact that in Finland there are more than 2,000 co-operative associations with no less than 250,000 members. About a thousand of these are co-operative credit societies; almost 400 are co-operative dairies; 200 are co-operative societies for the use

of agricultural machinery etc. Altogether, therefore, there are now in Russia 30,500 co-operative societies.

However, Russia comes second among the countries of the world in regard to the number of its co-operative societies, Germany taking the first place. So, we observe to-day in the various classes of the population, above all in the agricultural class, an awakening to the sense of common interests and the idea of self help. There are in the country districts many people of intelligence, on whose initiative various co-operative institutions have been founded. Add to this that the governing classes have clearly learned, in the last ten years, the necessity of contributing to the development of co-operation. In proof of this it is enough to mention the recent laws and provisions relating to co-operation. These are the following : (a) laws on credit co-operation, of the years 1895, 1904, and 1910 ; (b) model rules of the year 1897 for distributive societies and agricultural co-operative societies for purchase and sale ; (c) model rules of 1898 for societies for agricultural improvement ; (d) law of 1902 on co-operative societies for production (*artels*) ; (e) model rules of 1908 for agricultural co-operative societies.

Nor is this all ; it cannot in fact, be denied that in the last ten years many co-operative societies have been founded through the influence and with the immediate support of Government officers.

\* \* \*

Let us now proceed to show in greater detail the present situation of co-operation in Russia.

Let us begin with co-operative credit. There are two kinds of co-operative credit societies : (1) co-operative loan and savings societies (System Schulze-Delitzsch) ; (2) co-operative loan societies (Russian System) These latter are institutions, neither of the Schulze-Delitzsch nor of the Raiffeisen system. They have *no share capital, nor dividends*, while the Schulze-Delitzsch credit associations have both. Further, their field of action is usually very large, including sometimes from 2,000 to 3,000 households and even often more than 1,000 members. In the co-operative societies of Russian system the members' liability is almost always *limited*, while in those of Raiffeisen system it is unlimited. Besides this, in the former the *board of management* is almost always remunerated, while in the latter only the accountant is paid, finally the co-operative loan societies do not grant loans for very long terms, that is for terms of over 5 years, and limit themselves for the most part to short term loans, while the Raiffeisen banks generally lend for long terms.

As we see, the Russian loan societies conform neither to the Schulze-Delitzsch nor the Raiffeisen type; they have really their own principles which may be styled : *the Russian system*. Such a designation is the more natural as the number of these associations is somewhat large, even compared with that of similar associations in other countries and is daily tending to increase. According to the most recent statistics (July 1st., 1913), there are in

Russia about 8,000 loan associations authorized to work (1). We give below statistics of Russian credit co-operation.

Credits	Co-operative Loan and Savings Societies (System Schulze-Delitzsch).	Co-operative Loan Societies (Russian System)
	On January 1st., 1913 in thousands of Roubles.	
Collected . . . . .	4,690	9,241
Securities . . . . .	6,849	1,375
Loans . . . . .	212,026	184,884
Credits Due . . . . .	1,217	295
Cash . . . . .	22,592	9,822
Societies' own Capital . . . . .	7,221	5,135
Goods . . . . .	966 (2)	3,139 (3)
	Total . . .	213,891
Debits		
Share Capital . . . . .	44,005	24,569
Reserve Fund . . . . .	5,194	3,543
Profits of the Year . . . . .	8,131	8,677
Special Capital . . . . .	3,728	4,175
Deposits . . . . .	169,482	118,442
Loans . . . . .	19,561	51,359
Other Items . . . . .	5,460	3,126
	Total . . .	213,891
Number of Societies . . . . .	3,019	7,974
Number of Members . . . . .	1,726,301	4,867,734

The balance sheets of the co-operative credit societies on January 1st., 1913 therefore showed an amount of altogether 470,000,000 roubles, while nine years previously they did not show more than 56,500,000. In order

(1) For particulars with regard to this type of society, consult the "Bulletin International Coopératif", for 1910, No. 12. S. B.

(2) On July 1st., 1913, the total shown by these societies on their balance sheets was over 300,000,000 roubles.

(3) On July 1st., 1913, the total shown by these societies on their balance sheets was over 350,000,000 roubles.

to have a true idea of these co-operative societies, we must remember that more than 1,670 of them have organized co-operative granaries for the collective sale of wheat of a total capacity of over 10,000,000 *pounds* (1).

Finally, we must mention the Federations of Credit Co-operative Societies, at present eleven in number, showing in their balance sheets not more than 3,000,000 roubles ; their work is as yet hardly started.

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As regards *distributive societies*, there are about 7,500 in Russia. According to the figures published by the Central Co-operation Committee of St. Petersburg, those working on January 1st., 1912 were divided as follows :

Rural Societies . . . . .	5,066
Workmen's " . . . . .	705
Urbau " . . . . .	706
Societies of Officers and Employees . . . . .	97

The societies have on an average 150 members each, and all the co-operative distributive societies together have 1,145,000 members. There are no periodical statistical returns of these societies.

The movement in favour of the federation of the distributive co-operative societies is as yet little marked. There are only federations at Kharkow, Perm, Ekaterinburg, and Moscow. The amount of business done in 1912 by the Moscow Federation, in which, with its four branches, 800 societies are united, was 6,000,000 roubles, or an average of 7,500 roubles per society. If all the Russian co-operative distributive societies showed equal activity, their annual business would amount to 55,000,000 roubles. The principal object of the rural societies is the development of improved methods of cultivation, with distribution of seeds etc. Some of these societies lend their members agricultural machinery, found dairies, various manufactories etc. Some have objects of general character ; others have special objects, such as beekeeping, horticulture, livestock improvement, pisciculture etc.

The principal object of the agricultural associations is the organization of collective purchase and sale ; however, 461 occupy themselves with dairy work, 77 with the use of agricultural machinery on a co-operative system, 9 with wine making, 7 with beekeeping, 7 with horticulture etc. On an average, each association has 200 members.

*Co-operative dairies* are found principally in Siberia, but also in other parts of the Empire. Let us specially mention in this connection the Governments of Tomsk, Tobolsk, Perm, Moscow, Vologda etc. They have contributed to increase the amount of butter produced in Russia, which, in 1911,

(1) 1 *pound* corresponds with 16.380 kg.

exported 4,672,000 *pounds*, valued at 71,000,000 roubles, while ten years previously the export was only 1,190,000 *pounds* of a value of 13,500,000 roubles. Most of the co-operative dairies are subventioned by the Imperial Government and by the *Zemstvo*; a certain number of them owe their foundation to the action of the professors of the Agricultural Department. Among the dairies there is to be noted a successful movement in favour of federation. The most important federation is that of Kurgan, in the Government of Tobolsk: it federates 600 dairies with 120,000 members; in 1912 it sold 477,000 *pounds* of butter.

These are, briefly summarised, the most recent statistics relating to co-operation in Russia. There is no doubt that the bill on co-operation now in preparation will still further advance the movement, already so full of vitality.

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## SERVIA.

### SERVIAN HOUSEHOLD COMMUNITIES (ZADRUGAS).

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### § I. THE ECONOMIC IDEA OF THE ZADRUGA.

The Zadruga, the origin of which in Servia may be traced back far beyond the Middle Ages, is a permanent agricultural association among relations possessing property in common and living and working together. In this way the association, by avoiding the subdivision of the soil, succeeds in uniting the advantages of both large and small holdings.

By means of community of property, life and work, each association succeeds in producing more cheaply and rendering the work of its members more productive, as a system of division of labour and of time is thus possible. Life in common again diminishes the cost of maintenance for every body. There is only one family, and only one household. In its turn, this reduced expenditure for maintenance affects the cost of production and reduces it.

### § 2. THE SPECIFIC CHARACTERISTICS OF THE ZADRUGA.

The Zadruga presents four specific characteristics :

- 1st. Community of life ;
- 2nd. Relationship of members ;
- 3rd. Community of goods ;
- 4th. Community of Work.

Let us consider these characteristics in turn :

(a) *The Relationship of Members.* — All the members of a Zadruga are relations and there can never be a member who is not related to the others. Custom allows the admission of strangers into a Zadruga only in two cases: in that of adoption and in that of marriage with a woman inheriting rights in the Zadruga. The person adopted enjoys the same rights as the person adopting him. The consent of the other members is necessary, because the

adopted person, by becoming a member of the Zadruga becomes also co-proprietor with them and their heir. The case of entrance by marriage offers nothing worthy of special remark.

(b) *Community of Life*. — This formerly was complete, but today each family has its cottage and only the meals are taken in the common house.

Yet not living together only entails a loss of rights, when it is voluntary and the members of the community have not given their consent to it. When the others consent, the mutual relations in the Zadruga are not affected, nor are they if a member engages in trade, is employed as a domestic servant etc; only, then, he must, while absent, assist the Zadruga out of the profits he makes.

Art. 513 of the Civil Code provides as follows with regard to the rights that may be lost by a member not living in community: "Whoever, having left the Zadruga house of his own will and without the consent of the other members, does not return before the end of twelve months and has not sent contributions in money to the community, shall lose his share of the profits for that year."

(c) *Community of Goods*. — Article 508 of the Servian Civil Code lays down the principle of the joint ownership of the property of the Zadruga, considered as really a civil person. Article 510 adds that noone may sell any of the common property without the consent of the members who are of age and married.

(d) *Community of Work*. — This is, so to say, the cause of the community of goods. The children become joint owners of the goods of the Zadruga by virtue of the work they perform. The Civil Code, in Article 517, recognizes the right of boys, from their fifteenth year, to participate in all the profits of the community, equally with the other members.

### § 3. ORGANIZATION AND WORK OF THE ZADRUGA.

The head of the Zadruga is the *domakin*, who is invested with the office of manager, either as father of the family or, in communities of brothers and more distant relations, by election. He regulates the order of the agricultural work, buys and sells. His rôle is precisely that of manager of a co-operative society, for the Zadrugas, as Emile de Laveleye long ago observed, are in every respect agricultural societies, in which inveterate custom and family affection, not financial gain, serve to unite the members.

The *domakin* represents the Zadruga in the fullest sense. Thus, as regards the property, he is responsible for the common assets and must keep rigorous account of the obligations of the Zadruga towards the commune, the district, the department and the State. With regard to the members, he represents the minors and even those of age; he settles by his supreme authority any disputes that may arise within the Zadruga among the members. There are, however, limits to the *domakin's* powers; thus, in the case of purchase or sale of a part of the common property and also

in cases of mortgaging, which is often only a step towards selling, he is bound to assemble the Zadrugal Council, the decision of which is final. In the same way, the *domakin* can not himself either borrow or pledge what is common property. Finally, in very serious cases involving his honour, or his moral reputation, he may be deprived of his office.

More and more also, the strictly patriarchal idea of the rôle of the *domakin* is disappearing in proportion as the powers of the Zadrugal Council increase. This, which was first a very limited group of individuals freely consulted by the chief, has gradually extended to include all the members of the Zadruga, who have a real right to a place in it. In this family Parliament the most various subjects of agricultural economy are dealt with: distribution, quantity and quality of the crops, sales, purchases, exchanges etc. In all important matters, the head must consult the Council and has then only to carry out its decisions.

#### § 4. THE PRESENT POSITION OF THE ZADRUGA.

According to the last volume of the "Statistical Yearbook of the Kingdom of Servia" (Third volume, 1909-10. Belgrade, 1913. Government Press), the number of rural households, for the most part Zadrugas, in 1910, was as under:

		Percentage
Consisting of one person . . . .	17,539	4.01
from 2 to 3 members. . . . .	76,221	17.44
" 4 " 5 " . . . . .	118,029	27.01
" 6 " 10 " . . . . .	186,364	42.65
" 11 " 15 " . . . . .	30,468	6.97
" 16 " 20 " . . . . .	6,233	1.43
" 21 " 25 " . . . . .	1,565	0.36
" 26 " 30 " . . . . .	417	0.09
more than 30 . . . . .	151	0.04
Total . . .	436,987	100.00

Average number of persons per household: 6.02.

#### 5. § ADVANTAGES AND DISADVANTAGES OF THE ZADRUGA.

It remains for us briefly to set forth the advantages and disadvantages of the Zadruga. As *advantages* let us mention:

(a) The abundance of labourers and the division of labour it makes possible. In practice, the work is generally divided as follows: the head of the Zadruga administers and manages the household, he treats with the authorities, the merchants and whoever else may have any dealings

with the Zadruga. As a result of the experience he thus acquires, he is able successfully to manage the common business. The old are employed to look after the gardens, and the flocks, and on other work not requiring muscular strength. The strong men work in the fields, the forests, the vineyards etc. The children render little services and are very often entrusted with the herding of the sheep and goats. The women do the house-work and dairying, make the clothes, underclothing, etc.

(b) The community, as such, enjoys greater credit than an independent individual and can follow more scientific methods in the cultivation of the soil.

(c) The Zadruga, through the joint ownership of its property, prevents the subdivision of land, at the same time as it hinders the formation of too large estates and the monopolising of the land by a group of the inhabitants. A Zadruga in which the number of members increases too rapidly, in fact soon divides into two or three smaller Zadrugas.

(d) From the moral point of view it is found that life in a Zadruga tends to decrease individual selfishness, and the districts where the Zadrugas are most abundant are those in which there is least crime.

(e) Finally, the zadruga is an excellent school of self government, allowing very young persons of fifteen years of age to take part in the common deliberations.

Against these advantages there may be placed, it is true, the drawbacks of any community regime. In a Zadruga all the associates work, live and possess all the property of the community in common. The profits of the common labour are divided equally among the members. But as there may be among the members some individuals more hardworking and more ingenious than others, these are not rewarded sufficiently for their work or their ingenuity, the profits being equally divided. The hardworking and ingenious, perceiving the injustice, may be discouraged from working.

Let us, however, observe that the Zadruga is a community of relations; while there is a just reward for labour, there is also family affection which does not look at things with so selfish an eye. Very often these injustices are not observed and they are pardoned without the community suffering thereby. Then also, all keep before them the common welfare, the rather as, generally speaking, no division is made. Finally, there are many ways in which the Zadruga can contend against laziness among its members; the moral influence it exerts over them from their birth cannot be inefficacious. Let us add that when instead of idlers there are sick, disabled or old members, the Zadruga is found to be the most humane institution and the best adapted for their protection.

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## Part II: Insurance

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### ARGENTINA.

#### HAIL INSURANCE IN ARGENTINA.

##### SOURCE:

SITUACIÓN DE LAS SOCIEDADES DE SEGUROS CONTRA GRANIZO EXISTENTES EN EL PAIS; AÑO AGRI-COLA 1912-1913 (*Situation of the Hail Insurance Societies of the Country; Agricultural Year 1912-1913*) Report forwarded to the International Institute of Agriculture by the Minister of Agriculture of the Republic.

Since its foundation the International Institute of Agriculture has been giving its attention to the important problem of hail insurance: in accordance with a vote of the General Assembly of 1911, it undertook an enquiry in 1912 into the organization and development of this form of agricultural thrift in the States adhering to it, with a view to the establishment of a uniform meteorological and statistical service, as a first step towards an international agreement in regard to hail insurance.

In reply to a special list of questions, the Argentine Agricultural Department has sent the International Institute of Agriculture an interesting report containing statistics showing the progress of this branch of insurance in the Republic: we think it well to reproduce the most important points of it for our readers.

There are 31 hail insurance societies at work in Argentina: of these 19 are societies limited by shares, 3 are co-operative societies limited by shares, and 9 limited mutual co-operative societies (1).

The Department was not supplied by all the societies with the data necessary for the compilation of an accurate return: 5 of them did not

(1) For the mutual hail societies, see our article on the "Co-operative Movement in Argentine Agriculture", published in the number of this Bulletin for December, 1913.

comply with the repeated requests of the authorities. However, by means of private information, it has been possible to obtain the following approximate results :

Effective Capital of the 31 societies, \$ m/n (1)	11,000,000
Hectares Insured . . . . .	4,588,653
Value of Produce Insured \$ m/n . . . . .	153,676,470
Premiums Paid by those Insured . . . . .	8,446,409
Claims Paid by the Societies . . . . .	4,329,605

From these figures it may be deduced that the claims paid were 2.82 % of the value insured; that the average insured value per hectare is 33.50 pesos, that the general average cost of insurance per hectare is 1.84 pesos and that the general average premium rate is 5 ½ %.

The plants as a rule insured are wheat, oats, flax, barley, rye and canary grass. We give below the areas of the various crops insured :

Wheat . . . . . Hectares	3,395,529	74 %
Oats . . . . . »	642,397	14 %
Flax . . . . . »	412,970	9 %
Barley . . . . . »	45,886	1 %
Rye		
Canary Grass { . . . . . »	91,771	2 %
Maize		
Vineyards		
Total . . . Hectares	4,588,553	100 %

In the agricultural year 1912-13, the total area under wheat was 6,918,450 hectares, that under oats 1,192,400, that under flax 1,733,330 hectares: if we consider the figures in the above table, we find, therefore, that during the same period 49 % of the area under wheat, 54 % of that under oats and 24 % of that under flax were insured.

A consideration of the proportion of the business done by the limited societies, on the one hand and the co-operative and mutual societies, on the other, shows that the first group insured 3,218,872 hectares (70 %), and the other 1,369,681 (30 %)

The proportion insured by co-operative societies is therefore very high and shows that association has already made great advances in this field: this is the more noteworthy, as co-operation is still at its commencement in Argentina, and has, as in all new countries with a small and heterogeneous population, serious difficulties to contend with (2). Among the most important mutual societies let us mention the *Previsión* of Tres Arroyos and *El Progreso Agrícola* of Pigué, which have insured 23 % of the total area insured.

(1) \$ m/n indicates *pesos moneda nazionale*. One peso m/n = 2 20 lrs.

(2) See in this connection our article referred to above.



There is reason to believe that owing to the excellent results obtained and the intense propaganda carried on by the Government and the agricultural associations, mutual hail insurance will make continually greater progress in Argentine Agriculture.

In the following table we give a summary of the principal statistics relating to the constitution and work of the insurance societies of Argentina, dividing the societies into two classes: capitalist and mutual.

*Situation of the Hail Insurance Societies in the Agricultural Year 1912-13.*

	Societies Limited by Shares	Limited Co-operative and Co-operative Mutual Societies	Total
Number of Societies . . . . .	19	12	31
Authorized Capital (\$ m/n) . . . . .	25,650,000	1,315,000	26,915,000
Subscribed . . . . .	11,470,240	300,000	11,770,240
Paid up . . . . .	6,072,266	—	6,072,266
Fixed . . . . .	—	669,826	669,826
Reserve and Thrift Fund . . . . .	3,307,052	950,856	4,257,908
Total Effective Capital . . . . .	9,379,318	1,620,682	11,000,000
Hectares Insured under Wheat . . . . .	2,314,041	1,081,488	3,395,529
"    "    Oats . . . . .	387,586	254,811	642,397
"    "    Flax . . . . .	402,655	10,315	412,970
"    "    Barley . . . . .	30,643	15,213	45,000
"    "    Canary Grass			
"    "    Rye, Maize	83,947	7,824	91,771
"    "    Vineyards			
Total Hectares Insured . . . . .	3,218,872	1,369,681	4,588,553
Value Insured (\$ m/n) . . . . .	110,075,979	43,600,491	153,676,470
Amount of Premiums Paid . . . . .	6,390,995	2,055,413	8,446,409
Claims Granted . . . . .	3,316,156	1,013,449	4,329,605

## BULGARIA.

### THE INSURANCE DEPARTMENT OF THE CENTRAL BANK OF BULGARIA.

by DR. ATHANASIUS SABBEFF, *Manager of the Central Co-operative Bank of Bulgaria.*

The Central Co-operative Bank of Bulgaria was founded in 1910. It began working at the beginning of 1911. It has two departments, one for credit and one for insurance (hail insurance and horned cattle insurance). These two departments are independent of each other as far as liability goes, for the credit department has no liability with regard to the insurance department, nor has the latter any with regard to it.

Each department has its manager. The two managers and the managing director of the Bank form the board of management of the Bank, which decides all questions relating to either department. Consequently, this is the sole link between the two departments. Each has its special book-keeping service. The funds for the Credit Department are supplied directly by the National Bank of Bulgaria, the State Credit Institute and the Agricultural Bank of Bulgaria. There is also another fund of 1,000,000 *lewa* to guarantee bonds the Central Bank of Bulgaria might eventually intend to issue. This fund also is contributed half by the National and half by the Agricultural Bank.

Finally, the capital of the credit department is formed by means of contributions that all the co-operative societies regularly admitted as members of the Bank must pay. It amounts to 111,700 *lewa*. The total capital of the Bank at the end of 1912 was, therefore, 5,611,700 *lewa*.

The insurance department, in its turn, has two divisions, one for insurance of agricultural produce against hail, the other for insurance of horned cattle.

The first has a fund, which must be kept intact, amounting to 1,000,000 *lewa*, fully paid up by the State, and the second one of 500,000 also contributed by the State.

The State has, further, engaged to grant these divisions subsidies. The subsidies amount to 300,000 *lewa* a year in the case of the hail insurance division and 100,000 *lewa* a year in that of the horned cattle insurance division.

To these amounts must be added the insurance premiums, of course in proportion to the amounts assured.

The livestock insurance premium consists of an entrance fee and an amount corresponding with half the total claim distributed among the members.

*Credit Department.* — In regard to the credit department, we shall only say that the total assets at the end of 1912 amounted to 20,417,980 *lewa* 39 and the total liabilities to 20,036,658 *lewa* 27. Thus the gross profits were 381,322 *lewa* 12. Deducting from this 276,837 *lewa* 09 for general expenses, we find there was a net profit for the year of 104,485 *lewa* 03. This net profit was distributed as follows:

10 % to the reserve fund . . . . .	<i>lewa</i>	10,448.50
10 % to the insurance fund . . . . .	"	10,448.50
3 % in bonuses to employees . . . . .	"	3,134.55
In dividends . . . . .	"	80,453.48
		Total . . . <i>lewa</i> 104,485.03

*Insurance Department.* — The insurance department presents greater interest. As we have said, it has, in its turn, two divisions: one for hail insurance and the other for insurance of horned cattle.

The hail insurance division is by far the most important. Its second year of work is already finished, and it has all along been successful.

This is shown by the considerable increase of the policy holders in the second year, as well as in other ways. In fact, whereas the number of policy holders was 3,444 at the end of 1911, during the next year it reached the considerable figure of 17,458.

In addition, the total amount assured, which was 6,120,490 *lewa* at the end of 1911, amounted to 28,255,390 *lewa* at the end of 1912.

In 1912 applications for insurance were refused in the case of one hundred and thirty persons for various reasons, the chief being that they had not sown or had leased their farms.

The amount assured varies very much: from a maximum of 204,850 to a minimum of 10 *lewa*. The average for each policy holder is about 1,600 *lewa*.

All kinds of crops are insured. However, cereals are insured in greatest quantity, and after them vineyards. Let us now examine separately various points in relation to this branch of insurance, the entrance fees, premiums, compensations etc.

The entrance fees amounted in 1912 to 59,059 *lewa* 80. The whole of this amount was placed to the reserve fund of the division.

The total amount of premiums paid in 1912 was 630,779 *lewa* 70, which is 2.33 % of the total amount assured. This may seem high. It is due to the fact that a large proportion of premiums are paid for vineyards, and in that case higher rates are paid. If we exclude the premiums for vineyards, the rate is only 1.47 %.

The damage caused by hail in 1912 was considerable, and in fact, the year is held to have been one of those in which most damage was done in this way. There was hail even in spring and autumn, but it was most frequent in June and July.

*Estimation of Losses.* — In accordance with article 8 of the law, the damages are estimated by valuers chosen from among the farmers. In choosing them account is taken of their general education, and their special experience in the matter. These experts are appointed directly on the proposal of the provincial councils, after consultation with the local scientific agriculturists.

The number of policy holders to whom claims were paid in 1912 was 2,560. The total amount paid was 1,037,726 *lewa* 10. The claims contested amounted to 30,835 *lewa*. The largest claim paid was for 27,656 *lewa* and the smallest for 1 *lewa* 30.

The average amount of the claims paid was 405 *lewa* 30 per person.

The experience of this insurance division in two years has rendered evident numerous inconveniences in the application of the law. And the Board of Management of the Bank has proposed some modifications to be introduced into it. Some of these, the realisation of which was within the powers of the Executive, have been already adopted. Others, for which the authorization of Parliament is required, have already been put into the form of a bill to be submitted to the Chambers on their meeting after the new elections.

The principal amendments proposed are as follows :

1st. Vegetables and market garden produce cultivated for sale and not for seed may also be insured :

2nd. Vineyards may also be insured from May 1st., that is to say, while in flower ;

3rd. A reduction of 5 % on the amount of the premiums shall be granted to co-operative societies constituted for the collective insurance of their produce, provided the amount insured is not less than 30,000 *lewa* and the premium is paid before the 1st. of September.

Further to simplify insurance still more and place it more within the power of the poorest farmers, proposal has been made to the minister to submit a bill for the following amendments to the law on hail insurance to the Chamber of Deputies :

1st. The contract shall come into force the day after that on which the proposal for insurance is accepted and not the day after that on which the policy holder receives his policy completely filled in ;

2nd. The experts appointed to estimate the loss shall be nominated by the college of scientific agriculturists and the itinerant agricultural lecturers ;

3rd. Policy holders suffering losses shall be paid the claims due to them even before the date fixed for this in advance, subject to a fair discount.

There is little to be said with regard to the horned cattle insurance division, for it only commenced work in 1912. Consequently, operations of this

character have only been conducted to a very limited degree. In any case, some information on the subject may be interesting.

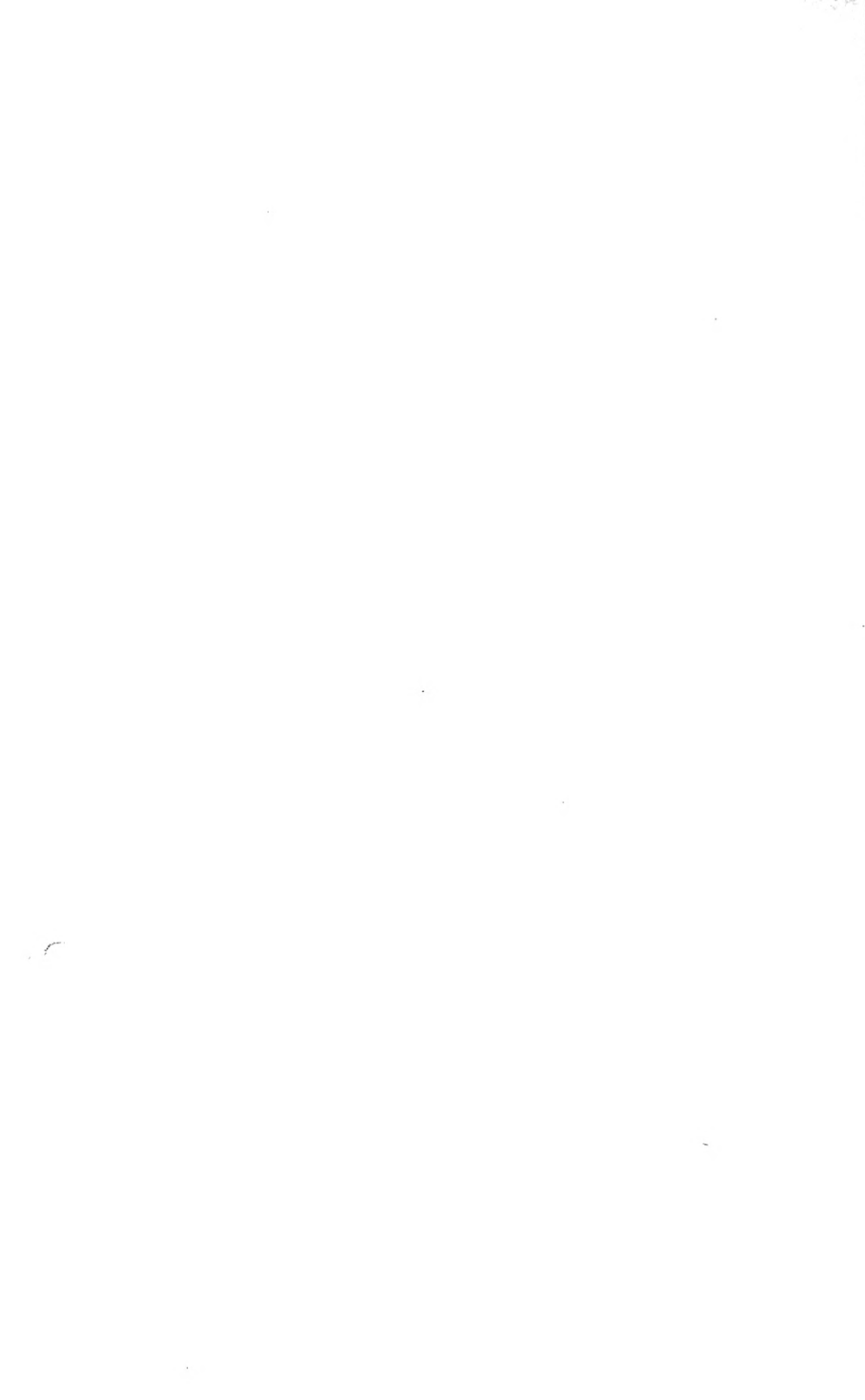
It is not a matter of individual but of collective insurance. The Bank only insures societies founded for insurance of livestock in common.

In the course of 1912, eighteen such societies were formed, but three of them alone were able to fulfil all the conditions required by the law for their regular working. These three societies insured altogether 93 head of cattle for an amount of 17,660 *lewa*.

The entrance fees in this division amounted to 44 *lewa* 75, and this, in conformity with the provisions of article 14 of the law, has been placed to the reserve fund.

The premiums amounted to 127 *lewa* 80; the claims paid only to 126 *lewa*. The rules lay down that half the loss must be paid by the insurance division of the Bank, and the other half by the society to which the animal insured belongs. We must further note that the reserve fund of this division amounted at the end of 1912 to 650,405 *lewa* 51, which, with the 50,000 *lewa* contributed by the State, which is to remain intact, forms a reserve fund of 700,405 *lewa* 51.

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## Part III: Credit

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### ARGENTINA.

#### I. — THE NATIONAL MORTGAGE BANK: WORKING YEAR 1912 ; INCREASE OF CAPITAL (1).

##### I. — WORKING YEAR 1912.

The Board of Directors of the National Mortgage Bank has presented its report for the working year 1912 to the Minister of Finance. It shows the progressive development of the Bank and, the confidence inspired by its 6 % mortgage bonds even in foreign countries, as well as the great services the institution renders the national economy, both in its urban and its rural operations.

If we, however, consider that the total mortgage debt of the country is about 1,500,000,000 pesos m/n. (2), and that of this sum only 485,324,126 pesos is due to the Bank, the rest representing operations conducted by national and foreign societies or private individuals, we see how large a field there is still open for the action of this Institute.

The interest the Bank asks on loans is generally less than other money lenders ask; this difference is a real loss for the country. We must therefore increase its resources, which have already reached the maximum permitted by the law (3). We shall see in the next section what provision has

(1) See *Bulletin of Economic and Social Intelligence*, August, 1911 ; April, August, November, 1912 ; September, 1913

(2) A gold peso is equal to 5 frs ; a peso m/n. (national money) to 2 frs. 20.

(3) The Bank has recently been authorized to make the final issue of bonds (25,000,000) completing the 500,000,000 pesos fixed as the maximum limit for circulation, by the law of 1911.

been made to meet these requirements. Let us now briefly examine the work of this important institute in 1912.

*Circulation.* The amount of the bonds in circulation on December 31st., 1911 was 336,663,700 pesos; in the course of 1912 bonds were issued for 140,647,900 pesos and bonds for the amount of 34,773,425 pesos were withdrawn from circulation, so that the amount in circulation on December 31st., 1912 was 442,538,175 pesos.

To give a clearer idea of the increasing activity of the Bank, we publish the following comparative table for the five years 1908-12 (4), which also shows the quotations for the 6 % bonds.

Years	Amount in Circulation on December 31st.	Issue			Loans Current on December 31st.
		Series	Amounts	Average Quotation of 6 % Bonds	
1908 . . . . .	146,855,400	L.	27,492,700	90.24	178,553,747
1909 . . . . .	178,546,250	L.	52,425,400	97.74	212,980,307
1910 . . . . .	250,755,300	C. H. A.	98,894,700	100.64	287,617,026
1911 . . . . .	336,663,700	C. H. A.	115,926,600	99.87	377,071,351
1912 . . . . .	442,538,175	C. H. A.	140,647,900	97.36	485,324,126

There were 5,060 loans for 140,647,900 pesos, granted in 1913: 4,295 (89,312,200 pesos) being secured on urban and 765 (51,335,700 pesos) on rural land.

The following table shows the distribution of these loans in detail and also from the geographical and agricultural point of view :

(4) The figures here also stand for pesos m/n.



## Distribution of Loans according to the Nature of the Land Mortgaged (1912).

Operations	Urban		Rural		Rural Land Mortgaged										
	Number	Amounts — (pesos)	Number	Amounts — (pesos)	Total (Ha.)	Cultivated Land				Uncultivated Land					
						Vineyards (Ha.)	Lucerne Fields (Ha.)	Cane Plantations (Ha.)	Under other Crops (Ha.)	Livestock Improvement Farms (Ha.)	Forests (Ha.)	Not Exploited (Ha.)			
In the Capital { Ordinary Credit . . . Credit for Buildings.	2,744	56,503,900	—	—	—	—	—	—	—	—	—	—	—	—	—
Flores Agency { Ordinary Credit . . . Credit for Buildings	390	18,985,300	—	—	—	—	—	—	—	—	—	—	—	—	—
National Territories (Ordinary Credit). . . . .	21	131,500	110	5,093,100	357,334	218	13,215	—	58,287	262,236	19,527	3,851	—	—	—
Branches (Ordinary Credit) . . .	954	11,850,800	655	46,242,600	1,116,383	3,607	83,929	679	186,993	758,026	77,011	6,131	—	—	—
Total . . . . .	4,295	89,312,200	765	51,335,700	1,473,717	3,825	97,144	679	245,280	1,020,262	96,545	9,982	—	—	—

As we see, the urban loans, especially those made in the capital, come first in number and value. The greater number of rural loans (46,000,000) were granted in the provinces, a very few in the National Territories; the largest number of applications made to the Bank for rural credit came from livestock improvers, cultivators of lucerne and exploiters of forests.

The loans are divided as follows, according to their value:

Amount	In the Capital		National Territories		Agencies	
	Number	Amount	Number	Amount	Number	Amount
From 1,000 pesos to 5,000	796	2,950,000	27	109,300	364	1,185,500
» 5,100 » 10,000	923	7,044,500	27	221,800	352	2,738,600
» 10,100 » 20,000	724	10,867,400	28	399,500	311	4,793,600
» 20,100 » 50,000	541	17,277,100	18	637,000	292	9,589,200
» 50,100 » 100,000	214	15,533,900	17	1,301,000	155	11,749,000
» 100,100 » 250,000	104	17,141,000	12	1,836,000	9	15,712,500
» 250,100 » 400,000	13	4,206,000	2	720,000	2	8,855,000
» 400,100 » 500,000	5	2,310,000	—	—	—	3,460,000
Total . . .	3,323	77,329,900	131	5,224,000	1,000	58,093,400

Here the small loans of between 1,000 and 50,000 pesos are most numerous, while the loans of medium amount, between 30,000 and 250,000 pesos, were the most important as regards the quantity of money lent. In any case, there is to be observed a considerable increase of small and medium loans, as well as of loans on mortgage in the National Territories, an indication of the progressive extension of the action of the Bank in behalf of small farms and of the colonisation of the more distant regions.

*Profits and Losses.* — The principal source from whence the Bank derives its profits is the commission it charges on loans, in accordance with the organic law: this commission is 1%, ½% and ¼% respectively in the three periods of 11 years into which the term allowed for repayment is divided.

In 1912, the Bank made profits to the amount of 4,293,709 pesos, which were placed half to the reserve fund and half to the special fund for loans in cash.

*Reserve Fund.* — On December 31st., 1912, the reserve fund amounted to 28,612,730 pesos (31,465,876 pesos on December 31st., 1911).

## 2. — INCREASE OF CAPITAL.

In May, 1913, the Board of Directors of the Bank, seeing that the issue of bonds had reached the maximum limit authorized for circulation (500,000,000 pesos), presented a note to the Department of Finance petitioning for a reform of the organic law, so that the capital might be raised to 1,000,000,000 pesos.

This increase was considered advisable on the ground, among others, of the necessity of not arresting the action of the Bank which is one of the principal agents in the industrial and agricultural progress of the country. The sale of the farms and the subdivision of landed property etc., adds the note, are considerably assisted by this institution. Now, as we have shown, the 500,000,000 pesos, forming the capital of the Bank, do not represent even the third part of the total debt on the land, as the rest is due to loans of private, to a large extent of foreign, capital. If it is borne in mind that the interest on private loans is higher than that asked by the Bank, it will be easily understood how heavy a loss the country suffers in this way and what an obstacle to the development of mortgage credit there is in the limitation of the resources of the Bank. To those objecting that a new issue might shake confidence in the Argentine bonds on the market, its advocates replied that the credit of these securities would not suffer in the least, if the circulation were gradually increased and due precautions taken.

The Financial Commission, approving the proposal of the Bank in its essentials, laid before the Chamber of Deputies a bill for the increase of the capital not by 500,000,000 but by 120,000,000.

After a long and animated debate, the Chamber decided last September to authorize the Bank to increase its capital by 250,000,000, thus raising the maximum limit of circulation to 750,000,000 pesos. The new issues will be made in series of not more than 50,000,000 pesos.

(Summarised from the "*Report on the Work of the National Mortgage Bank for the Year 1912*" and the *Nación*, May-September, 1913)

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## ITALY.

### THE PART PLAYED BY THE MONTE DEI PASCHI IN HISTORY AND IN THE ORGANISATION OF CREDIT.

By Prof. Dr. FILIPPO VIRGILI,

*Professor at the Royal University of Siena, formerly Member  
of the Board of Management of the Monte dei Paschi.*

#### § I. THE ORIGIN OF THE "MONTE DEI PASCHI" AND THE COMMENCEMENT OF ITS RURAL CREDIT BUSINESS IN 1625.

The first mention of a Monte at Siena occurs in 1369; at that time the name was given both to one of the parties by which the city was troubled and to the public banks, and the first bank was, instituted by a decision of the Council in 1369 and took the name of *Monte Comune*.

The republic provided itself with money either by arbitrary taxation or by loans: the amount of the latter, principal and interest, was entered in the *Liber debiti*; and it was precisely by the decision of 1369 that, the debts of the commune having considerably increased, they were distributed in three books corresponding with the three chief districts of the city, each of them representing a group of creditors. It was also decided that these debts should be gradually paid off out of the Government revenue derived from the duty on salt and the *paschi* or pastures of the Maremma. To this revenue the name of *monte* was also given. In consequence the *Monte dei Debiti*, that of the salt duty, and that of the revenue from the pastures were united in a single *Monte del Comune Sale e Paschi*.

Needless to say this institution, in spite of having the same name, has nothing to do with the *Monte dei Paschi* which came into existence in the seventeenth century, and forms the subject of our enquiries and remarks; we only wished to mention the former as evidence that in a remote epoch, the name of *Monte* was given to a public bank in Siena.

We find the word used in the same sense also in other places, and even at an earlier date. The first bank founded in Venice about the middle of the twelfth century, which lent money to the Republic for its wars in the

East, was called *Monte* or corporation of State creditors (1). It seems that the Bank of St. George of Genoa, the glorious rival of Venice, so prominent in the history of Italian financial institutions, was founded a few years earlier. In the operations conducted by it, we find the *scheda di redenzione*, corresponding with the modern sinking fund, the *monete* or *lire di paghe*, in which our bonds originated, and those *biglietti di cartulario*, marking the transition from the bill of exchange to the bank note.

While other *Monti* or Banks, on the model of those of Venice and Genoa, were being founded in various cities of Italy with the object of preventing usury, in the fifteenth century a new charitable institution appeared in our country, with the same aim, *adversus judaeorum pravas usuras*, that of the *Monti di pietà*. (Pawn Institutes).

We know that the first of these, indeed, was founded in Perugia in 1462, through the influence of Frate Barnabas of Terni, and ten years later, in 1472, the Siena *Monte di Pietà*, owing its origin to the initiative of the Commune, began its work; but it has now been ascertained that the original idea of these charitable institutions may be traced to a proposal of the common council of Arcevia in the Marche, of June 29th., 1428 (2).

The Siena *Monte della Pietà* did not at all realise the hopes conceived at its start; it lived with difficulty for about half a century and ceased to exist in 1511; there was a vain attempt to revive it in 1521 and another, more successful, in 1560, which led, as a result of continued insisting on the part of the people, to its re-establishment in 1569. This second *Monte*, besides discharging its original function, of lending to the poor on pawn, also assumed the character of a credit institute, *lending on special security to the farmers and livestock improvers of the Maremma* and the communities of the State of Siena.

Indeed, this latter business was so welcome that it very soon overshadowed the former, so that, in 1582, the *Magistrato* (Board) of the *Monte* proposed to the Governor that it should be transformed into a credit institute; and the proposal, though resolutely rejected, was presented again and again by various boards in turn.

(1) The great Italian Economist, Francesco Ferrara, after referring to the expedition against the East organized about the middle of the 12th. century by the Doge, Vitale Micheli, and the loans made by the Venetian citizens to the State to defray the costs, in the hope of great mercantile advantages to be obtained by a victory in the East, writes: "That corporation of creditors of the State was called *Monte*; a name given then and later to many other similar institutions founded in various parts of Italy, because everywhere the Government debt increased in proportion to the advance of trade. Many of these are known, and amongst them all the first place is held by that of Genoa, also the earliest founded, a few years before the Venetian, and then called *Compera*, which later on became the famous *Bank of St. George*." F. FERRARA, *Introduction* to vol. VI., Second Series of the *Biblioteca dell'Economista*, Turin, 1857. pp. CXLII.

(2) A. ANSELMI, *Il Monte di Pietà di Arcevia*, in the "Nuova Rivista Misena", year IV, no. 1. Jesi, 1891. Cf. A. BERTOLINI, *Nota sulle origini dei Monti di Pietà*, in the "Giornale degli Economisti", December, 1891.

And in 1619 the *Magistrato* petitioned the Grand Duke of Tuscany to provide, not only for the poor, but also for the middle classes by the introduction of "another kind of *Monte*," endowing it with a new fund, so that "every one might freely invest his money in it, with the certain hope of receiving his interest with a good conscience." It was desired in this way to form a permanent fund of 50,000 ducats, "with which to assist those who had to pay more than 12 % (1)."

The proposal was supported by the *Balia*, the communal government of the day, and was fully discussed and explained, and led to the foundation of a new *Monte*. "These were years of very great poverty," writes Luciano Banchi, to whom we owe so much for our knowledge of Sienese institutions, "every class of citizens was distressed, and the very nobility of Siena were reduced to such a degree, that every day more of them were in need of assistance and more than one nobleman was compelled, not merely when sick, but even when well, to ask for assistance from the Hospital, just when its expenses were increasing and its revenue falling off. But fortunately for Siena, when the prosperity of the Hospital began to decline, there arose an institution, due to the very special poverty of the time, which, through the admirable wisdom of its organization, soon became the salvation of the Sienese landed proprietors, and, as it were, an inexhaustible source of good for many charitable institutes. The Hospital was not slow to contribute to it, as if foreseeing that those manifold benefits it would no longer be able, in the course of future years, to confer, would be rendered in great abundance, and in a better manner, to the entire body of citizens, by the new institution, the *Monte dei Paschi*, the great Bank of modern Siena, the deed of foundation of which bears the memorable date of November 2<sup>nd</sup>, 1624" (2).

Before the *Monte de' Paschi* was started, those in need of money either could not obtain it at all, or only at a heavy sacrifice and, while amongst these marriages decreased and many were ruined, the few fortunate persons possessing money lent it in greater quantity and found this more profitable than if they had invested it in agriculture or the commerce possible in an inland town, so that both agriculture and commerce were considerably neglected.

"It was therefore only right," as an eighteenth century manuscript in my possession puts it, "that the oppressed should find protection and assistance in the paternal care of the Most Serene Grand Duke Ferdinand II, who, clearly perceiving the evil calling for a remedy and the good that had to be done, lent a generous ear to the petitions of the people." The Grand Duke, ordered the foundation of a *Monte, non vacabile*, that is with funds not to be redeemed, by Rescript of December 30th., 1622, in which it is said that, to facilitate the work of the *Monte*, the Grand Duke

(1) For all quotations relating to dates, facts and documents in connection with the history of the *Monte de' Paschi*, cf., when not otherwise stated, N. MENGOZZI: "*Il Monte de' Paschi e le sue aziende*," Siena, 1913.

(2) L. BANCHI: *Statuto dello Spedale di Siena*; Bologna 1877, p. 365.

advanced a sum out of the public revenue, " amounting to 200,000 scudi at 5 % interest, or 10,000 scudi per ann., out of the revenue of the *Ufficio dei Paschi* of Siena, with the precautions and security necessary for the protection of His Highness."

Although the justice of this rate of interest could not be called in question, still, the Archbishop, Monsignor Alessandro di Pandolfo Petrucci, was asked for his opinion, and, after consulting various theologians and economists, he replied that he was fully satisfied with regard to the reasonableness and equity of the proposal. The deed of foundation bears date, as said above, of November 2<sup>nd</sup>, 1624 and the *Monte dei Paschi* was opened on January 3<sup>rd</sup>, 1625.

The 200,000 scudi advanced as security by the Prince out of the annual income of the public board of pasture lands would correspond to 1,176,000 frs. at the present day; the income had to be divided in various portions called *Luoghi di Monte* (1) corresponding with modern bonds, to be sold at 100 scudi each and yielding interest of 5 scudi a year. In this way, "the sure and certain fund was established, indispensable in order that the new *Monte* might lawfully receive money from collective bodies, or private individuals and from every quarter and every kind of public and private body; and that, on the other hand, the same *Monte* might lend on good security, receiving the same moderate and legitimate interest it granted its depositors, any surplus being used to pay the expenses and commissions of the functionaries and directors, as many as might be required to keep the *Monte* open and ready for work."

In other words the guarantee of the deposits consisted in the revenue from the tax on the Maremma pasture land, which was considered the most lucrative and the most certain the Grand Duke levied in the State of Siena and which he had solemnly pledged in their behalf. The *Monte* might lend the amounts it received in deposit to those requesting it at a rate a little higher than that paid to depositors, that is, at about 5 ½ %.

The guarantee offered by the Prince was full and complete; legally he could be called upon for payment of it in case of necessity, but as a matter of fact it was never required, so that the guarantee remained purely moral; in compensation, however, the Prince required, in his turn, a guarantee from the deputies of the Balìa, who had to engage up to the above mentioned amount of 200,000 scudi not only all the bills of the *Monte*, all the advances of the *Monte di Pietà* and all the claims the Commune had against the *Monte*, but also, if this security were insufficient, the real and personal estate, rights and documents of title belonging to all citizens and inhabitants of Siena, except the priests. In the ultimate analysis, then, we find the security to the depositors in the *Monte dei Paschi* offered by the lay citizens of Siena themselves and consisting in all their possessions.

(1) In the fifteenth century the creditors of the Bank of St George were distributed by regions of the city, and so their credits received the name of *Luoghi*. F. FERRARA. *Introduction*. op. cit. p. CXLIV.

The *luoghi di Monte* given to the depositors undoubtedly constituted a land security of the first value, so that the *Monte dei Paschi* appears to have been really the first land credit institute recorded in history.

§ 2. ANALOGY BETWEEN THE MONTE DEI PASCHI  
AND THE SILESIAN LANDSCHAFT FOUNDED IN 1769.

About a century and a half later, to be exact in 1767, the merchant Büring presented a proposal to Cramer, Minister of Frederic II of Prussia, for the formation of an association among the noble landlords of Silesia, offering a collective mortgage on all the land of its members to the capitalists of Breslau and binding itself to provide every landowner, on his request, with money up to the amount of the value of half his property by means of the issue of land bonds, called *Pfandbriefe*.

Historians of banking institutions agree in tracing the origin of the land credit system to the Silesian *Landschaft*, founded at Breslau in 1769, in accordance with Büring's proposal. But it is easy to find many analogies between the Prussian *Landschaft* and our *Monte dei Paschi*.

Frederick of Prussia endowed his institution with 300,000 thalers, equal to 1,126,000 frs.; Ferdinand II of Tuscany gave security of 200,000 scudi, equal to 1,176,000 frs. The Breslau Institute was in fact an association of Silesian landowners, the *Monte de' Paschi*, became, by virtue of the security demanded by the Grand Duke, substantially an association of Sieneese citizens. Both institutes acted as intermediaries between lenders and borrowers. The *Landschaft* issued land bonds of a value not exceeding 1,000 thalers, nor less than 25 thalers; our Institute divided its nominal capital in *luoghi di Monte* of a hundred scudi each, of which portions of not less than 25 scudi each might be sold; both the Silesian land bonds and the *luoghi di Monte* bore half yearly interest; but, unlike the former, which could be freely negotiated, the *luoghi di Monti* only gave right to interest and were not transferable. It is further to be noted that while the debtors of the Prussian association might or might not return the capital lent, as they pleased, provided they paid their interest regularly, the debtors of the *Monte*, according to the rules of the year 1624, had to pay off their debt immediately at the end of the year, though they might obtain a delay, which in no case might exceed five years, with facilitations for payment in instalments (1).

In the present fever of historical research and exegetical analysis, it has seemed to us not inopportune to show the points of contact and the resemblances between our glorious institute and the German land credit

(1) These analogies and resemblances were pointed out for the first time in the clear report of a Sieneese Municipal Commission charged to present concrete proposals for the reform of the *Monte de' Paschi*; cf. the work, "*Sul riordinamento dei monti riuniti di Siena*," Siena, Sordomuti Press, 1862, pp. 5-6.



associations, testifying to the priority of the Sieneſe inſtitute in this important buſineſs, as it, preceded the German Landſchaft by 144 years and we have been the more anxious to do ſo as the ſcientific publications of economic and legal character dealing with this ſubject all leave a gap that ought to be filled.

### § 3. HISTORICAL DEVELOPMENT OF THE MONTE DE' PASCHI.

And now, in continuation, we may remark that the fund of 200,000 ſcudi, within the limits of which the *Monte* might accept deposits and make loans, was ſhown to be inſufficient to repair all the evils by which local agriculture was afflicted; ſo that in the brief courſe of ſix years there were enough purchaſers of *luoghi di Monte* to exhaust the whole fund, while the avidity of the rich lenders was not altogether arreſted. And the Sieneſe public, deſirous of preventing any poſſibility of uſury, preſented another prayer to the Grand Duke in which, after having ſhown in lively colours the benefits the foundation of the *Monte* had conferred on the whole State, requeſted that the fund might be increaſed by another 100,000 ſcudi with the ſame guarantee as before. Ferdinand II, perſuaded of the utility of the new inſtitute, conſented, by Reſcript of October 18th., 1630, to the increaſe of the fund by 50,000 ſcudi. The larger ſphere of the operations that, conſequently, the *Monte* could conduct, led to a reduction of the intereſt the inſtitute paid its creditors and of that, conſequently, that it aſked from its debtors. A ſecond increaſe of the fund, by 25,000 ſcudi, was accorded in 1747; in that year the city and State of Siena were in great conſtarnation on account of the poor harveſts, and the new iſſue of *luoghi di Monte*, rapidly taken up, ſucceeded in relieving the diſtreſs of private individuals. A few years later, in 1766, on account of new economic calamities, the fund of the *Monte* was increaſed by another 25,000 ſcudi, thus reaching the amount of 300,000 ſcudi, which was not to be exceeded until a new age and new requirements demanded a different organization of the ancient inſtitute.

Pier Antonio Cerretai, who was Proveditor of the *Monte de' Paſchi* from 1769 to 1772, indeed addreſſed an earneſt and detailed memorial to the grand Duke Pietro Leopoldo in 1777 to obtain a new increaſe of 100,000 ſcudi for the work of the *Monte*, but without any practical reſult. Part of this memorial was firſt publiſhed by me on another occaſion. In it, in ſubſtance, the idea was advanced that, by increaſing the fund of the *Monte de' Paſchi*, facilitations might be given to local proprietors, who had not available funds, to purchaſe the land ſold by the *Luoghi Pii*, and, at the ſame time an opportunity given to the ſame *Luoghi Pii*, to reinveſt in the *Monte*, at a ſufficient intereſt, the money obtained by the ſales, thus preventing the land in queſtion being purchaſed by foreign capitaliſts and the *Luoghi Pii* from ſeeking elſewhere a profitable inveſtment of the capital realiſed, and ſo arranging for a circulation of money within the State which

was held to be of the greatest advantage. This commercial idea was treated by Cerretani simply, without any theoretical exaggerations, but moderated, as I have elsewhere remarked, by those principles of agricultural protectionism Sallustio Bandini had but recently propounded in his celebrated *Discorso sulla Maremma*, that were to prepare the way for the great Leopoldine reforms (1), marked by a larger understanding of economic phenomena and social needs.

Meanwhile, at the end of 1783, the *Monte Pio* and the *Monte de' Paschi* were united in a single institute under the name of *Monti riuniti*; with one staff of employees under the same management; rather than a reform, this was an administrative union, in no way modifying the ordinary functions of the *Monte de' Paschi*.

An important change was, however, introduced by the great political events that disturbed the end of the eighteenth and the beginning of the nineteenth century, completely changing the map of Europe. "When the Napoleonic Code had been promulgated in Tuscany, an edict of the Imperial Government of April 14th., 1808 applied the French mortgage system also to the *Monte de' Paschi*, enjoining the conversion of all the credits of the *Monte* into mortgages and thus substituting real land security for personal and fiduciary security, by which the loan operations of the Institute had been guaranteed from the start" (2).

This provision remained, however, for some years without effect, both because in the more disturbed period, from 1808 to 1818, the *Monte* suspended its loan business and because mortgage security could only be useful when there was a cadastre, and the Tuscan cadastre, commenced in 1819, was only completed in 1831.

And it was just the next year, 1832, that the first radical change and the first impulse towards the improvement of our Institute began after 207 years of almost stationary life.

At first, the *Monte de' Paschi* only lent to the citizens of Siena. And a few communities included in its territory benefiting under the original contract, but in 1831, as a result of a concession made in a Rescript of June 30th. of that year, the principle prevailed that loans might be granted to any land holder in Tuscany: this extension of the field of operations really marks the beginning of a new life which was again strengthened by the Institution of a Savings Bank the *Monte* was allowed to found by Rescript of August 23rd., 1833, and the right secured a few years later (Rescript of January 27th., 1843) to grant loans for any amount.

With the foundation of the Savings Bank our Institute began to adapt itself to the new age and new requirements, and we shall see later on that other institutions were founded to suit the modern requirements of the credit system; but before following the phases and consequence of this trans-

(1) Cf. my article, *Il Monte de' Paschi nel 1777-79 e l'incremento dell'Agricoltura*, in vol. II of the *Studi Senesi*, in honour of L. Mariani. Siena, 1905.

(2) MENGozzi, *op. cit.* p. 107.

formation it will be well and not without interest to show as a result of what discussions and decisions the *Monte dei Paschi* acquired its present administrative organization.

#### § 4 ADMINISTRATIVE ORGANIZATION OF THE MONTE DEI PASCHI.

The Rules of the year 1624 gave the *Monte* a Board of Management composed of eight citizens, under the name of *Magistrato* and a proveditor, an accountant (*bilanciere*) and a chamberlain, or treasurer elected by the *Balia*, the *Magistrato*, now called the *Deputazione*, decided in regard to the sale of the *luoghi di monte*, the loan business and all other business connected with the management, while the proveditor had to arrange for the regular course of business, to supervise the other officers and report every thing to the Board and carry out its decisions. There was besides, a registrar chosen from among the notaries, who wrote out the decisions and kept the books and papers of the *Monte*. The *Balia* exercised control by means of two inspectors who reported annually and reserved to itself the right of making any reform experience might suggest.

On the suppression by law of August 29th., 1786 of the *Balia* and the institution of the commune of Siena, the latter was entrusted with the supervision and management of the *Monte*, while the Government had the appointment of the officers, and the new magistrates of the city advised the Government that, as the office and board of the *Paschi of Siena* had been suppressed in September 1st., 1778, together with all the duties levied for its account, all guarantee of the creditors of the *Monte* by the Sovereign's estates had ceased, and, consequently, "there should also cease all bonds and rights in connection therewith, upon any amounts belonging to the people of Siena, deposited and still existing in the *Monte* itself." Any such obligations, were, in fact, declared, in the Rescript of April 4th., 1787, to have ceased.

On the constitution of the Kingdom of Italy in 1861, we find the *Monte dei Paschi*, in consequence of the extension of its field of operations and its authorization to contract loans for any amount, administering an estate of 23,000,000 frs., secured on mortgage in almost all the Tuscan provinces.

And when the tenth congress of Italian Science met in Siena in 1862, the *Deputazione* of the *Monte* (which in course of time had taken the place of the old *Magistrato*) contributed to defray the expenses by a grant of 20,000 frs. and also, for the same object, assigned another 2,500 frs. to the local Physiocratic Academy. And the Congress voted that the *Monte dei Paschi* "should be counselled to carry out the reforms recommended by science with that prudent moderation which alone is suited to reconcile the traditions of the past with the necessities of the future."

First of all, the *Monte* had to give itself rules answering to the changed political and social conditions and such as to allow it to develop all those forms of activity the new conditions required. Before every thing else, it was

necessary to settle the question of the right of the Commune to intervene in the affairs of the *Monte* and the legal form such interference might take.

"There were three powers," as the diligent historian of this famous institution observes, "that then contended the field with the object of substituting to the greatest extent possible their own influence for that of the central power which, owing to the altered political forms and the administrative difficulties of the moment, was in no position to assert its supremacy in the manner and within the limits in which the absolute power of the Grand Duke had been exercised in the past" (1).

These three powers were; the Prefecture, representing the Government; the Municipality, representing the city of Siena; and the Board of Management of the *Monte de' Paschi*.

The municipality, with the intention of affirming its own rights over the two hundred years old institute, appointed a commission to study and propose a definite set of rules. And this commission, while affirming that the *Monte* ought to preserve its original character, concluded "that there ought to be introduced into its internal organization all those salutary amendments the changed conditions of the time render necessary. And, in the first place, the *Monte*, which emanated from the Commune, should be entirely given back to the Commune; to the Commune should be restored full administrative control over it, the appointment of the officers and employees, the initiative in all measures which the Balia reserved entirely to itself, which, as they were often imposed by the necessity of the moment and affected by local circumstances could not be more prudently or profitably dealt with than by the Municipality" (2). And it concluded with the proposal of these three reforms: 1st. abolition of all caste preference in appointments of officers and employees; 2nd. introduction of the sinking fund system for repayment of loans for long terms; 3rd. issue of land bonds.

It is superfluous to give the reasons for the first proposal; privileges of birth, if they could be justified in 1624, were no longer admissible in face of the principle, embodied in the Italian *Statuto* of the legal equality of all citizens. The other two proposals were already contained in germ in the traditions and customs of the *Monte*; while they were under discussion the commission itself abandoned the idea of bonds for that of deposit certificates, but it did not seem to be clear in the matter.

The rules and regulations and the list of the officers and employees of the *Monte* were discussed and approved in various meetings of the Communal Council of Siena in September, October and November, 1862. The Government, by Royal Decree of May 14th., 1863. approved that part of the rules abolishing the privilege of the nobles in cases of appointment of members of the board and employees of the *Monte*; by a later decree it entrusted the Prefect with the appointment of employees; two years later the management of the *Monte* decided to adopt, by way of trial, the system

(1) MENGOZZI, *op. cit.*, p. 215

(2) *Sul riordinamento dei Monti riuniti*, page 13.

of gradual repayment of loans by means of annuities, while maintaining its right to demand the principal of the loan whenever it pleased; in 1866 the *Monte* undertook the conduct of Land Credit business in conformity with the new legislative provisions and thus also the third proposal formulated in 1862 was completely adopted; in 1869 the *Monte* also began to conduct agricultural credit business through its Savings Bank. Hence, as a result of the innovations of these busy ten years, a critical revision and final completion of the rules of 1862 became necessary.

For the purpose, a mixed commission was appointed, consisting of three members elected by the Communal Committee and three others appointed by the Board of the *Monte*; the new scheme was ready in June, 1870 and was, first of all, discussed by the board from June to September of that year; in the early months of 1871 the Communal Council appointed special commissions to examine it, but they refused the charge so that the Council had to discuss the new scheme in the Report of the mixed commission. The general discussion, which was really memorable, was held on the 22nd., 24th. and 26th., April, 1872, the Mayor, Luciano Banchi in the chair; in other later meetings (April 29th., May 6th., 8th., 10th. and 13th.) the articles were approved. The principal points now discussed were: 1st. the ownership of the *Monte*; 2nd. investment of funds; 3rd. management; 4th. grant of advances.

To whom does the *Monte de' Paschi* belong? After a long debate, article 1 of the Rules, conceived as follows, was approved "The *Monte dei Paschi* is an institution of the city of Siena, to which it owes its origin, and therefore the Commune has the superintendence, management and guardianship of it, and administers it by means of an elective council." The formula, in order to reconcile the various tendencies of the members of the council and with the object of affirming the principle of the possession of the *Monte* by the Commune without using the word "possession", which seemed dangerous, ended by grouping together rights and powers which, in practice, are distinct and separate, such as those of management and administration, superintendence and guardianship. However, the municipal character of the Institute remains clear. It was determined to exclude any Government intervention.

The rules, definitely approved in May, 1872, are still in force and establish the unity of the Institute, organized for the conduct of the various kinds of credit business it has to do, with separate management for each of them; the administration is in the hands of the board and the proveditor; the Commune appoints all officers and employees; at least half of the net profits must go to increase the capital of the Institute, while the rest may be used for works of beneficence and public utility for the city of Siena.

By Royal Decree of December 7th., 1872, the rules of the *Monte* were fully approved by the Government; and thus the central authority abandoned in behalf of the Commune of Siena all right to the intervention, up to then exercised by it, in the affairs of the *Monte de' Paschi*, and this was no small advantage for the city. It is necessary to observe at once that this renunciation was, in substance, made only for the principal department,

since all the others — Pawn Institute, Savings Bank, Land Credit and Agricultural Credit Departments, — being governed by special laws, were still subject to Government supervision.

The central department is the old stock of the *Monte de' Paschi*; the others are quite modern branches, except the pawn establishment, which might be considered the root. The central department receives savings deposits and contracts money loans according to the principles of common law; the other departments conduct the business entrusted to them by the laws and regulations governing them and it will not be out of place to give a rapid glance at their work and the development they have attained.

#### § 5. THE VARIOUS DEPARTMENTS OF THE MONTE DEI PASCHI, SAVINGS BANK, LAND CREDIT AND AGRICULTURAL CREDIT DEPARTMENTS.

We have already observed that in 1833 the *Monte de' Paschi*, which for more than two centuries had remained almost unchanged, underwent its first transformation, assuming also the functions of a Savings Bank, and we said that from that moment the financial expansion of the Institute really dates. The proveditor had pointed out to the board "the utility, now demonstrated by experience, of savings banks, both for private economy and public morals" and proposed an institution "by means of which the poor might be given an opportunity for increasing their savings." The new institution, though under independent management, was so intimately connected with the *Monte*, that it proposed to place its own surplus with the *Monte*, and draw from it whatever was indispensable to meet unforeseen and excessive demands for the return of deposits.

It might be said that the *Monte* was to become the savings bank of the popular Savings Bank. The rules were approved by Sovereign Rescript of August 23rd., 1833 and the bank began work on January 4th., 1834. In 1863, the foundation of *affiliated banks* in the province began, which, afterwards, were to spread over almost the whole of Tuscany: at first they advanced timidly and it seemed they would never pass the confines of the ancient State of Siena, consisting of the two provinces of Siena and Grosseto, but in recent years affiliated banks and branches of the savings bank have been founded in the provinces of Florence, Pisa, Arezzo and Leghorn.

The second branch, in order of time and importance, added to our *Monte* was the Land Credit Department. In 1853, — it is a precedent that deserves to be recalled to mind, — the Count of Cavour laid before the Subalpine Parliament a bill for the encouragement of land credit institutions in Italy without direct State intervention; the proposal was not favourably received and only in June, 1862 was a new bill presented to the Italian Chamber, which, uniting land and agricultural credit, each supporting the other, in a single institution, tended to make both "conspire in a friendly way to improve the lot of the landholder and farmer." This bill some described as

an importation of the French land credit system, which had just been reorganized by law of July, 1860. It is well to remember that at that date the Chamber had before it the proposal for the sale of the State Land, with the object of withdrawing from the expensive and unremunerative administration of the State the considerable amount of land in its possession, and the Government at the same time was carefully preparing the most suitable instruments of credit for the better and more speedy sale of this land.

The Parliamentary Commission, on whose work the Hon. Signor Broglio was charged to report, consented to grant the exclusive privilege of issuing land bonds (*cartelle*) to the French institute which was to be established in Italy and accepted all the provisions for the facilitation of its working, by the grant of a series of rights and powers, but completely rejected article 2 of the convention in terms of which the *Monte dei Paschi* of Tuscany, the Savings Bank of Lombardy and the General Insurance Institution of Venice were to perish. It was a great piece of good fortune that our glorious and time honoured institute, that had passed uninjured through so many changes of Government, was not sacrificed by modern Italy to a monopolist idea in no way justified by the circumstances.

And not even as amended and modified by the Parliamentary Commission did the ministerial proposal obtain the consent of the Chamber, but the economic necessity of reasonable provisions in the matter was felt by the whole country; so that in September, 1865, the Minister of Agriculture assembled a Congress at Florence of representatives of the Bank of Naples, the Central Savings Bank of Milan and the *Monte de' Paschi* of Siena and invited them to undertake the land credit business of the whole mainland of Italy. In fact by the Convention of October 4th., 1865 between the Government and the above institutions, the Bank of Naples undertook to conduct land credit business in Southern, the *Monte de' Paschi* in Central and the Savings Bank of Milan in Northern Italy. Next year the *Opera Pia* of St. Paul of Turin, founded in the seventeenth century and the Savings Bank of Bologna adhered to the convention. This territorial distribution of land credit was then finally approved and organized by law of June 14th., 1866, in accordance with which the principle was extended to Sicily, 1870, Sardinia, 1872 and to the Province of Rome in 1873. From this first system of regions, later on advance was made in the law of February, 1885 to the national system, power being given to the above institutes to conduct business in any part of the kingdom and others being authorized to undertake it under given conditions. Finally, by the laws of July 17th., 1890 and May 6th., 1891, an Italian Land Credit Institute was founded, with a capital of 100,000 frs. in shares, which really assumed a national character, while the other institutes again became regional.

The land credit department of the *Monte de' Paschi* at first made very slow progress. The new form of credit had inspired great hopes throughout Italy, which very soon gave place to sad disappointments: the lack of a uniform cadastre and the difficulty of proving mortgages, which made the procedure intricate, laborious and very expensive, caused the refusal

of many applications, frustrated hopes and led to the liquidation of many institutes.

As regards the *Monte*, land credit in bonds, *cartelle*, appeared at a disadvantage in comparison with credit on mortgage as granted by its central department. It is true that the latter does not enjoy privileges for collecting its debts and makes the members pay at date of the contract all the charges for stamps, registration etc, while in the case of the land credit system these costs are included in the half yearly instalments and paid off slowly, but the department lends in money and may advance amounts of more than half the value of the landed estate and content itself with a later mortgage. The land credit system, on the other hand, requires a first mortgage, does not grant amounts of more than half the value and pays in bonds (*cartelle*) These bonds were not immediately well received by the people; the borrower is a landowner who borrows to relieve his land of heavy burdens, pay his debts, carry out drainage works or other improvements, a landowner, who is not, as a rule, familiar with commercial business, and, so much the less, with the business of the exchange and hence he does not find it easy to negotiate a special number of bonds in order to obtain the amount he is in immediate need of.

Against these drawbacks and difficulties the *Monte de' Paschi* came to their assistance, as it found that the purchase of bonds was a safe and lucrative investment of the money deposited with it; and it arranged so that the borrower could, in the same Institute, borrow from the land credit department, receive the bonds (*cartelle*) and, presenting himself at another office, obtain their value in money at the ordinary market price.

Thus, the customers of the Institute became used to receiving their loans in the form of *cartelle*.

The land credit department of the *Monte de' Paschi* at first carried on business in the whole of Tuscany, in Umbria and in the Province of Pesaro; it extended it then to Rome, but afterwards ceased working there, owing to losses sustained through the building crisis; it profited sparingly by the right granted it to extend its operations throughout the whole Kingdom, so that up to a few years ago they had not been carried beyond the original district. It was only in 1909 that it abolished all territorial limitation, thus considerably increasing its business. It closed its accounts on June 30th., 1913 with a total of 74,171,202 frs. in loans for land credit, as compared with 29,100,070 frs. in ordinary loans.

Side by side with land credit we find agricultural credit either for improvements or for ordinary farm work; side by side, but perfectly distinct, both in the manner and means of its working and its purposes. It may, however, also assume the form of real credit, inasmuch as a special preference claim on the harvest of the year or the produce stored or else a short term mortgage may be granted as security for the loans to the landowners, but in regard to its objects it cannot have the character of real credit, in so far as the sums borrowed are spent on manure or machinery, the purchase of livestock, seed or plants, that is they go to increase the working capital required for the farm work.



In Italy, there are no legislative provisions relating to agricultural improvement credit ; we have, on the other hand, a first law of June 21st., 1869, for the regulation of credit for farmwork, authorizing the foundation of institutes and societies for the purpose of granting farmers and land-owners or facilitating for them as sureties, discount, the negotiation of promissory notes, bills of exchange, bills to order, produce warrants etc ; and allowing them for the purpose to issue special bonds to bearer, called *buoni agrari* (land bonds), payable at sight.

Before the promulgation of this law the board of the *Monte de' Paschi* decided, by vote of February 22nd., 1869, to undertake by means of its Saving Banks the grant of agricultural credit ; but this was only authorized a year after the law was passed and more exactly by Royal Decree of June 15th., 1870, and the work was only begun in the following August and consisted chiefly in discounting bills bearing two signatures of which it was enough that one should be a landowner's. Subventions were also guaranteed on pledge of land bonds and produce and *buoni agrari* were issued, the circulation of which, in amount about 1,200,000 frs. has always been unexceptionable so that the Government has repeatedly renewed the concession. Up to a few years ago, we may say, the *Monte de' Paschi* conducted agricultural credit business in accordance with a high standard and with noble intention, opening current accounts for agricultural consortiums at very low interest, rediscounting bills accepted by these consortiums at the same very low rate, and directly discounting for landowners bills at six months' date, renewable every three months for another three months, with a deduction of one tenth, at 4% interest ; and has always assigned a part of the profits from this special department for prizes for the encouragement of new agricultural methods or the building of healthy and comfortable farm houses.

On December 31st., 1902 the independent agricultural credit business was suppressed and on January 1st., 1903 it was undertaken directly by the Savings Banks, which also make ample provision for commercial credit. The *buoni agrari* have been withdrawn from circulation, so that on the balance sheet for June 30th., 1913 there was only an amount of 200,000 francs shown for them.

Finally, the *Monte de' Paschi* has not neglected the modern forms of thrift. In 1883, it contributed 100,000 francs towards the guarantee funds for the National Insurance Society against Accidents to Workmen in their Labour, undertaking the business for Tuscany and Umbria, in accordance with the law of July 8th., 1883 ; similarly in 1901 it undertook the agency for the Provinces of Siena and Grosseto, for the National Thrift Bank for Workmen's Disablement and Old Age, founded in accordance with the law of June 17th., 1898.

§ 6. GRANTS MADE BY THE MONTE DE' PASCHI FOR PURPOSES  
OF PUBLIC UTILITY AND BENEVOLENCE.

We shall terminate these notes of ours with a few figures showing the grants made by the *Monte de' Paschi* to institutions of public assistance and benevolence and for the advance of art and culture.

The first grant was made in 1761 in behalf of the University; it was a small subsidy of 200 scudi (the scudo was worth 5.88 frs), continued in the following years up to 1790, and reaching the total amount of 37,330 frs. In 1775 subsidies began to be given to the asylums for pauper lunatics and this also was continued from year to year; in 1786 the *Monte* began its contribution to the normal girls' schools instituted by Pietro Leopoldo for the education and instruction of poor girls; this contribution, increased in amount, is still continued.

The grant to the University, suspended in 1791, was recommenced in 1831 and has been increased lately; in 1887, when our University was placed on an equality with the others, the *Monte* joined with the other local administrative bodies, binding itself to pay into the State Treasury an annual contribution of 22,527 frs; in 1892 at its own expense it built the biological institute, which, with the buildings added to it in succession has cost 190,000 frs.; in 1910 it purchased for 25,000 frs. a large building contiguous with the University for the better accommodation of certain scientific cabinets and especially for the law seminary and its library. Between 1831 and the present date, more than 1,000,000 francs has been granted by the *Monte* to this great and famous centre of study. An amount of more than 900,000 frs. has been up to to-day granted by it to other institutes of education and learning, professional and popular schools, infant asylums, libraries, scientific academies etc

The *Monte* has largely contributed to general works of benevolence and hospitals: in the last eighty years it has granted 1,126,000 francs to institutes for the deaf and dumb and the blind and to workmen's societies, for relief in time of public calamity, and another 600,000 frs. has been granted by it to the Pawn Establishment in subsidies and in contributions to its ordinary working expenses.

The art of the city has benefited very considerably by gifts from the Institute, which has spent more than 400,000 frs. on the restoration and preservation of our monuments; and more than 157,000 frs. in prizes for buildings constructed. On the encouragement of agriculture, industry and commerce and on communications, it has spent up to date 239,000 frs.

But it is the Commune of Siena that has most benefited by the profits of the *Monte de' Paschi*; the latter up to the end of last year had paid over 2,237,000 frs. to its parent city; and the splendid aqueduct would never have been completed without the munificent contribution of the *Monte*,

which engaged to set aside for this sole purpose out of its profits no less than 100,000 frs. a year for the term of fifty years.

So, harmonizing credit and benevolence and savings with the most modern forms of thrift, the *Monte de' Paschi* has gradually adapted itself to the changed conditions of political and social life, has responded to the new currents of local economy, and met the new requirements of the population. It has been able in turn to anticipate, associate itself with and bring to perfection institutes and measures for the relief, encouragement and protection of landed property. It has understood that, in the heat of competition, it is not enough to have a glorious past and very noble traditions; memories are not enough to live on and, in the fierceness of the struggle, it is the strongest and best balanced organisms that resist; and the *Monte*, in accordance with a prudent standard of administration, has striven to increase its own capital, always avoided all speculation, and founded special reserve funds to meet eventual losses and the fluctuations in value of its securities; it has very slowly enlarged its sphere of influence, trying the ground before advancing and retiring in time from regions recognised as dangerous.

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## 2. — WORK OF THE LAND CREDIT INSTITUTES IN 1912.

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In our Bulletin for last October (1) we gave an account of the work done by the special agricultural credit institutes in 1912 (2). We now shall deal with the work of the land credit institutes for the same year.

## § I. THE ITALIAN LAND CREDIT INSTITUTE.

In the year 1912 there were 360 applications presented to the above Institute for loans for 39,099,000 frs. in all, which, added to the 663 for 40,685,000 frs. made in 1911 and held over for consideration or the con-

(1) *Bulletin of Economic and Social Intelligence*, October, 1913, pp. 55 et seqq.

(2) As regards the Provincial Land Credit Bank for Basilicata, the figures in the last four columns of the table on page 62 of the Bulletin for October, 1913 should be respectively corrected to 634,495 frs ; 780,488 frs and 1,414,984 frs. See with regard to this the Report of the Bank for the Year 1912. Potenza, Typ. Garramone e Marchesiello, 1913.

sideration of which has been resumed, make a total 1,023 for about 80,000,000 frs.

These 360 applications were divided as under in respect of the nature of the real estate offered as security :

156	secured on rural land . . . . .	frs. 15,203,000
190	» urban » . . . . .	» 21,037,000
14	» both urban and rural land »	2,859,000

Of these, 210 for an amount of 14,206,750 frs. were finally granted, 127 of them for 8,041,750 frs. on urban land, especially in the cities of Rome and Naples, and 83 for 6,165,000 frs. on rural land, notably in Campania (16 loans for 1,322,000 frs.), in Apulia (27 loans for 1,816,500 frs.), and Emilia (9 loans for 1,591,500 frs.).

The average amount of the loans in 1912 was 67,650 frs.

From the foundation of the Institute (1890) up to December 31st., 1912, 3,035 loans were passed for an amount of 244,283,050 frs., 128,129,800 frs. being granted in 1,768 loans on rural land, and 116,153,250 frs. in 1,267 loans on urban land.

These loans were distributed as follows, according to the rate of interest:

	Interest	Number	frs.
Rate of interest	4 1/2 % . . . . .	775	54,801,000
»	» 4 % . . . . .	1,085	80,303,250
»	» 3 1/2 % . . . . .	1,225	109,178,800
		3,035	244,283,050

And according to the amounts lent as follows :

	Number	frs.
20,000 frs. or less. . . . .	1,270	14,573,500
Between 20,500 and 50,000 frs.	842	28,470,750
» 50,500 » 100,000 »	420	31,748,900
» 100,500 » 500,000 »	437	93,146,400
» 500,500 » and over. .	66	76,343,500
	3,035	241,283,050

Finally, they were divided as follows, according to the term for which they were granted.

	Number	frs.
Between 10 and 20 years . . .	363	15,903,500
» 20 » 30 » . . .	593	26,775,500
» 30 » 40 » . . .	808	65,639,950
» 40 » 50 » . . .	1,271	135,964,100
	3,035	244,283,050

And since between 1891 and the end of 1912 the borrowers had repaid 79,391,247 frs., the balance of the loans remaining on December 31st., 1912 was 164,891,802 frs.

## § 2. LAND CREDIT GRANTED BY THE SAVINGS BANK OF THE LOMBARD PROVINCES.

In 1912, the above Bank received 857 applications for loans for a total of 73,999,000 frs. which, with the 1,039 for 81,644,500 still under consideration at the beginning of the year, make a total of 1,896 for 155,643,000 frs.: 344 for an amount of 24,866,500 frs. were definitely granted.

There were 108 loans for 10,711,500 frs. granted on rural land, 230, for 13,857,500 frs. on urban land and 6, for 297,500 frs. on both rural and urban land.

The provinces that received the largest credits on the security of rural land were those of Milan, 14 loans for 1,542,000 frs., Cremona, 8 loans for 1,079,500 frs., Ferrara, 5 loans for 2,137,000 frs. and Ancona, 5 loans for 1,354,500 frs.

More than half the loans were for amounts of between 10,000 and 50,000 frs. and for a term of between 30 and 40 years.

The Milan Savings Bank in the same year also arranged loans on mortgage in money for more than 10,000,000 frs., so that, altogether, it granted in the year 1912 alone about 35,000,000 frs. to landowners.

§ 3. LAND CREDIT GRANTED BY THE BOLOGNA AND VERONA SAVINGS BANKS  
AND THE SARDINIAN LAND CREDIT INSTITUTE.

In 1912, the *Bologna Savings Bank* granted 222 loans for a total of 8,173,500 frs. Of these 115, for 4,672,500 frs., were secured on rural land, 93, for 2,043,000 frs. on urban land, and 14, for 1,468,000 frs. on both rural and urban land together.

Further, 16 loans were for between 500 frs. and 5,000 frs., 45 for between 5,000 frs. and 10,000 frs., 71 for between 10,000 frs. and 20,000 frs., 29 for between 20,000 frs. and 30,000 frs., 13 for between 30,000 frs. and 40,000 frs., 16 for between 40,000 frs. and 50,000 frs., 18 for between 50,000 frs. and 100,000 frs., and 14 for more than 100,000 frs.

The provinces which received the largest amount of credit were Bologna (159 loans for 5,970,000 frs.) Forlì (18 loans for 680,500 frs.) and Ravenna (13 loans for 439,800 frs.).

From the foundation of the Institute (1868) up to December 31st., 1912, 3,091 loans were passed for a total amount of 116,810,000 frs. The average amount was therefore 37,790 frs.

As regards the *Verona Savings Bank*, 248 applications were made to it for loans in the year we are considering, for a total amount of 9,561,000 frs. but the loans granted were only 176 for an amount of 6,215,000 frs.

From the date at which it commenced working (1902) up to December 31st., 1912, the Bank granted 836 loans for a total amount of 25,000,000 frs.

Finally, the *Sardinian Land Credit Institute*, a limited liability society, with fully paid up capital of 2,400,000 frs., showed in its balance sheet for 1912 an amount of 347,182 frs. for mortgage credit (including capital, interest and other amounts). The loans current on December 31st., last year, were 137 for a total amount of 1,904,653 frs.

§ 4 THE LAND CREDIT GRANTED BY THE "INSTITUTE OF OPERE PIE  
OF SAN PAOLO" AT TURIN AND THE "MONTE DEI PASCHI" OF SIENA.

In the course of 1912, 493 applications were made to the *Institute of Opere Pie of San Paolo* for loans for a total amount of 33,522,000 frs. and 232 for an amount of 11,297,500 frs. were granted. Of these loans, 203, for 8,253,000 frs. were secured on urban land, 25 for 2,644,500 frs., on rural, and 4, for 400,000 frs. on both urban and rural land.

Most of the loans were granted in the provinces of Genoa (82 for 2,143,000 frs.), Turin (100 for 3,585,500 frs.), Milan (12 for 1,145,000 frs.) and Rome (7 for 1,507,500 frs.).

As regards their amount, 143 for a total of 1,121,000 frs. were loans each of them for not more than 20,000 frs., 87, for a total of 8,706,500 frs.,

for amounts varying from 20,000 to 500,000 frs. and 2 for a total of 1,470,000 frs. for amounts of about 500,000 frs. and 1,000,000 frs.

Finally, with regard to the date of repayment, 116 loans of a total amount of 7,549,000 frs. were for a period of from 46 to 50 years; 72, for an amount of 1,110,000 frs. for from 10 to 25 years, and 44, for 2,638,500 frs., for a term of from 16 to 45 years.

Adding to the loans granted in 1912 those for the preceding years beginning with 1867, we find that the Institute had granted altogether up to December 31st., 1912, 5,282 loans for 215,923,500 frs.

Lastly, the *Monte dei Paschi* of Siena granted 388 loans on mortgage in land bonds in 1912, for the amount of 11,322,500 frs. Adding to these 51 loans in cash for 2,632,700 frs., concluded, that is, according to the rules of common law and not of the special law on land credit, we arrive at a total of 439 credit on mortgage operations for a total amount of 13,955,200 frs.

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In conclusion, the seven above mentioned land credit institutes, working in Italy, in 1912, granted, loans on mortgage for an amount of about 76,400,000 frs.



# Part IV: Miscellaneous

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## LATIN AMERICA.

### MISCELLANEOUS NEWS.

#### MEXICO.

I. — ENCOURAGEMENT OF HOME COLONISATION. — In the last Report presented to the Union Congress on the 16th. of September last, the President of the Republic gave account of the work accomplished by the Government in the first six months of 1913 for the encouragement of the progress of agriculture, which is one of the principal sources of the wealth of the country, by promoting home colonisation.

We shall here summarise the Report. During the period 46,485 hectares of national land divided into small holdings were sold and realised for the Treasury an amount of 70,335 pesos.

The work of marking out and subdividing the national land has been commenced in the States of San Luis de Potosi, Michoacán, Veracruz, Tabasco, Chiapas, in the Territory of Lower California and in the Federal District, and the co-operation of the local governments has been obtained for the carrying out of the necessary work in order that the land may be utilised by the small farmers.

The Government has now 9,229 hectares subdivided and ready to be allotted as small holdings.

At San Juan de los Reyes, in the State of Veracruz, 8,000 hectares have been divided for the establishment of a colony and in the State of Tabasco, 25,000 hectares, suitable precautions being taken in order that the Government may recover possession of the land in case of non-fulfilment of contract.

In future contracts of lease of national land the Government proposes to reduce the area in order that the farm may be more satisfactorily worked and the greatest profit derived from it.

With regard to reforestation the report gives the following statistics. The area suited to forest cultivation is approximately 100,000,000 hectares, the wooded region covering 30,000,000 ha. and the proportion of the State Forests being from 10 to 15 %.

In the Federal District the number of trees planted was 748,057 and the number of those planted in the various States of the Republic was 61,754.

(Summarised, from the *Economista Mejicano*, of September 20th., 1913).

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2. — INSTITUTION OF ARBITRATION COMMISSIONS FOR AGRICULTURAL LABOUR IN THE STATE OF TABASCO. — One of the greatest impediments up to the present in the way of Mexican agriculture has been the insufficient labour supply. To this difficulty, very serious in itself, we must add those caused in certain States of the Union, as, for example, that of Tabasco, by the non-fulfilment of the engagements undertaken for the benefit of the labourers.

In view of these evils, the Congress of the State of Tabasco has approved a decree establishing institutions for facilitating the settlement of these difficulties in all the principal municipalities.

These institutions will be called *Arbitration Commissions for Agricultural Labour*. Their duty is to intervene to settle, without their being brought into court, all questions of civil law which may arise between the rural landowners and their labourers with regard to the carrying out of their contracts, and particularly those in relation to abandonment of work, receipt of wages and settlement of accounts.

Each commission will be formed of four members, and its president will be the chief political authority of the municipality. Of these four members, two must be councillors and two farmers.

The decree finally authorizes the Government to amend the law and, if it deems fit to pass one or more entirely new special laws on the agricultural labour contract and to amend the existing laws, in so far as they relate to the matter.

(Summarised from the *Economista Mejicano* of July 26th., 1913).

#### SALVADOR.

INSTITUTION OF PUBLIC GRANARIES. — By recent Executive Decree, the Government of the Republic has decided that public granaries or store-houses shall be founded in the chief towns of the departments for storage of agricultural produce the farmers may desire to keep back in order to get their prices and for more favourable markets.

These granaries will be under the supervision of the Agricultural Department Commissions.

Those desirous of storing their grain in these granaries must apply to the manager of the commission, who will authorize and deliver receipt. The depositors will pay storage at the rate of 3 centavos (15 centimes) a month per *fanga* of grain stored. The proceeds will be used to meet the cost of maintaining the granaries.

The depositors may withdraw all or part of their produce at pleasure.

It is clear what evident advantages these granaries will obtain for farmers of medium sized farms who now have to hasten to sell, often at a loss, for want of storehouses in which to keep their produce while waiting for more favourable conditions of sale.

(Summarised from the *Boletín de la Unión Pan-Americana*, August, 1913).

#### URUGUAY.

ENCOURAGEMENT OF AGRICULTURAL COLONISATION AND LIVESTOCK IMPROVEMENT. — Our readers already know the present tendencies of the agricultural policy of Uruguay in favour of home colonisation and of the association of agriculture and livestock improvement (1). The latest manifestation by the Government of this policy is the law of January 20th., 1913, authorizing the issue of a loan, which will be used for agricultural colonisation and livestock improvement.

This loan, called the colonisation loan, will be for 500,000 pesos at 5% interest, with 1% sinking fund. The bonds cannot be sold at less than 95%.

The amounts obtained by this loan will be used for purchase and subdivision of land, which will afterwards be sold for colonization of the above kind.

If the Government does not think it profitable to purchase farms offered for sale by private persons, it is authorized to have recourse to their expropriation, considering them as land of public utility, from date of the publication of the new law.

The parcels may be sold to colonists for cash and to be paid for at a fixed date, but the maximum term allowed for payment will be 30 years and in that case, the land shall be mortgaged until the whole purchase price is paid.

The price of the parcels shall include, besides the amount spent by the State in acquiring them, the value of the land lost through construction of roads and streets, the cost of surveying etc., so that the total produce from the sale of each colony is as nearly as possible equal to what it has cost the state. No colonist may buy more than one parcel.

The holdings thus formed will be exempt from real estate duty for ten years from date of contract of sale, on condition, however, that at least half the area be cultivated.

Similarly, no writ of execution can affect them and they are exempt from seizure for debts contracted by their owners before and during the first five years of their possession, except for such as may be due through the mortgage mentioned above.

(Summarised from the *Diario Oficial* of February 21st., 1913).

(1) With regard to the agricultural policy of Uruguay and the recent laws on agricultural credit, see *Bulletin of Economic and Social Intelligence*, September, 1913 pp. 76 et seqq.

## DENMARK.

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## § I. INTRODUCTION.

Denmark was the first country in Europe in which the Government took measures for the constitution of small agricultural holdings. Already towards the end of the 18th. century, the laws by which the great land reform was effected provided for the formation of such holdings together with the usual peasants' holdings. Indeed the foresight of the Danish legislators is to be admired in that more than a hundred years ago they understood and practically demonstrated the importance of firmly attaching the agricultural labourer to the soil.

Thanks to the measures then adopted, a large number of small rural holdings were formed. Unhappily, the time was not yet ripe for such a step; some generations ago, it was even found there were too many labourers' holdings and the formation of a peasant proletariat began to be feared. The influence of these fears is met with even in official reports, like that of the large agricultural commission of 1849 and that of the commission appointed in 1875 to study the labour question.

However, towards 1880, manufactures on a large scale began to extend in the country causing a very considerable rural exodus. At the same time emigration was increasing. The country was threatened with a dearth

of labourers, just at the moment when more were needed on account of the increased cultivation.

Then people began to consider the formation of small holdings as possibly the solution of the crisis. Various small enterprising farmers also were able to show very good results of their farm work. Let us add that co-operation, which had made progress on many farms throughout the country, and also the continually increasing advance of education facilitated the task to a remarkable degree.

In 1894 a commission was appointed to study the question and draft a bill and five years later, in 1899, the first law on the formation of agricultural labourer's holdings was promulgated, by way of experiment for five years. The text was revised on April 22nd., 1904 and April 30th., 1909, and will again be revised in 1914.

This legislation, by which large credits are granted to the rural population, has attracted much attention. With each new vote the holdings to be formed have increased in number and the group of persons receiving credit has been enlarged and, at the same time, the credit granted by the State has increased. In the various provisions there can be seen the various tendencies by which their proposers were inspired. The first law was drafted entirely on the suggestion of the large country land owners, who wanted to assure themselves of a sufficiently large number of permanent agricultural labourers. In the last two laws and above all in that of 1909, the desires of the rural population are principally considered. That of 1899 was a law on the formation of agricultural labourers' holdings, that of 1909 is rather one for home colonisation.

The Danish Statistical Bureau has just published a very interesting report on the results obtained up to the present.

Before reproducing these results and in order that their importance may be better understood, we shall first of all give a summary, in as few words as possible, of the existing organization of home colonisation in Denmark.

## § 2. ORGANIZATION OF HOME COLONISATION.

For direction and supervision of the formation of labourers' holdings, Commissions have been formed in the district of each general council (*Amtsrådsreds*). They are composed of three members, one of whom, the president, is appointed by the Minister of Agriculture. The two other members, as well as a deputy for each, are elected by a body consisting of two delegates from each of the communes of the district. The members of the Commission only receive a very small remuneration from the Treasury.

Any man (or unmarried woman) whose principal means of subsistence is derived from ordinary agricultural or horticultural labour, performed for other persons in return for wages, may benefit by the law of April 30th., 1909 and become a "State peasant farmer" (*Statshusmand*). Rural lab-

ourers who can be assimilated with farmers, such as brickmakers, fishermen who have not directly shared in the State loan, and any other persons living partly by ordinary agricultural labour, may also benefit by the law.

The party concerned must be a Dane, at least twenty five years old and (save in exceptional cases) under fifty, must not have been condemned by the courts for an act dishonouring him in public opinion and not have had recourse to public assistance. He must also have been engaged in agricultural labour for at least four years since the completion of his eighteenth year and be incapable of attaining the position of a landowner by means of his own resources, but possess the tenth part of the value of the holding applied for. The applicant must also present: 1st., a certificate from two trustworthy persons well acquainted with him, that he is diligent, sober and economical and may be considered capable of farming the lot in question; 2nd., a certificate from the municipal authority (*Sogneraadet*) of the commune in which he resides, to the effect that he is considered suitable to become a peasant farmer.

Besides the special commissions we have mentioned, also the municipal authorities have to assist in the work of colonisation. When a labourer desires to purchase a holding, but is not able to specify the holding he wishes to possess, he may apply to the municipality, which must try to induce private landowners to offer land on acceptable conditions. If they are unsuccessful in this and the council finds there is a suitable holding in the possession of the commune, it shall enter into negotiations with the competent authorities for the transfer of the land at a suitable price and afterwards inform the party concerned of the result of the steps that have been taken.

When either personally, or with the assistance of the municipality, an applicant has made choice of a holding he desires to purchase by means of a loan from the State, he must forward his application to the president of the Colonisation Commission, together with a declaration by which the municipality certifies that the holding specified may be considered adapted to the purpose and that the estimate of its value is reasonable.

The Commission then examines whether all the conditions have been fulfilled and visits the holding to assure itself of its suitability for a small farm and that the price fixed for the land is fair. If the applicant possesses buildings he wishes to include in his farm, the Commission must, further, see if these buildings are suited for the purpose and fix the amount of their value. The Commission also must see that the holding has a favourable aspect and is well placed in regard to the roads and that, in case of there being no well and no possibility of sinking one, the holding will still have a sufficient supply of water.

If the Commission judges that the application cannot be granted, the applicant is informed of this, as well as of the reasons for the refusal. He may appeal against the decision to the Minister of Agriculture.

The loans granted by the State may amount to  $\frac{9}{10}$  ths. of the value of the holding, the possession of one tenth by the applicant being insisted on. The holdings cannot be less than one hectare in area, but as a rule

may not exceed 6,500 crowns (1) in value and, in exceptional cases, 8,000 crowns, including the cost of the buildings, livestock and furniture. Finally, each individual can only obtain a loan for a single holding.

Repayment of the loan is secured on mortgage of the real estate and a preference mortgage on the personal estate of which only the land tax shall have precedence. The interest is 3 % per ann; repayment of the principal only begins in the sixth year.

Repayment of the loan cannot be demanded as long as the payments due on it are regularly made, the holding cultivated according to the system in general use, and provided with the livestock and plant necessary for farming. The buildings, livestock and plant must be insured against fire in a company recognised by the State. The Colonisation Commission shall assure itself, once every three years, that these regulations are conformed to.

The holding must not be subdivided nor united with another, nor exchanged for another, without special permission from the Minister of Agriculture, granted after consultation with the municipality. It can only be transferred to a son or son-in-law of the grantee or another person fulfilling the general conditions of the law. On the death of the owner, his widow may continue in the relation of the defunct to the Treasury, provided she remains in possession of the holding; if she remarries, the relations with the Treasury shall only continue if the second husband fulfils all the conditions imposed on colonists. The same rule holds, *mutatis mutandis*, in the case of the simple marriage of an heiress.

The 1909 law also authorizes a landowner to bequeath his farm by will, provided only that this be to a single direct heir, satisfying the requirements of the law. On the other hand, the provisions of preceding laws declaring the holding undistrainable have been abrogated as they were found to damage the credit of the peasant landowners.

Let us add that the credit granted by the State for home colonisation, fixed at 2,000,000 crowns in 1899, was raised to 3,000,000 crs. in 1904 and to 4,000,000 crs. in 1909. The amounts not required in one year are brought forward to the next.

### § 3. RESULTS.

#### A. — *Amount and Number of Loans. Area and Value of Holdings.*

The total number of small farms founded between 1901 and 1911, in conformity with the laws of 1899, 1904 and 1909, was 5,777 and the Treasury loans amounted to 25,410,148 crowns, as appears from the following table.

(1) A Danish crown is equal to 1.39 fr.



TABLE I. — *Number and Amount of Loans Granted by the State.*

Year (1)	Number of Loans	Amount of Loans (in crowns).
1900-1901 . . . . .	209	713,770
1901-1902 . . . . .	247	860,504
1902-1903 . . . . .	367	1,278,629
1903-1904 . . . . .	551	1,945,126
1904-1905 . . . . .	485	1,732,204
1905-1906 . . . . .	669	2,861,262
1906-1907 . . . . .	647	2,856,379
1907-1908 . . . . .	645	2,924,760
1908-1909 . . . . .	662	3,133,834
1909-1910 . . . . .	610	3,042,221
1910-1911 . . . . .	685	4,061,459
Total . . . . .	5,777	25,410,148

(1) The working year closes on March 31st.

As we see, in the early years, the Credit allowed by the State was far from being taken advantage of, but the loans have gone on continually increasing, so that in the last year the estimate was exceeded, although the Colonisation Commissions proceeded with the greatest prudence and held over numerous applications to the following year, with precedence of any others.

The average area of the farms has continually increased. Between 1901 and 1905 it was 316 ares; it increased between 1905 and 1910 to 366 ares and in the last working year to 422 ares. Further, it will not fail to be observed, in the following table, that only the percentage of farms of between 221 and 441 ares remains unchanged; those of less than 221 ares become less and less numerous and the number of those of more than 441 ares increases.

TABLE II. — *Percentage of Farms Classified according to Size.*

Area in Ares	Percentage (%)		
	1900-1905	1905-1910	1910-1911
From 110 to 165 . . . . .	3.91	1.07	0.76
» 165 » 221 . . . . .	16.59	4.79	1.37
» 221 » 276 . . . . .	26.86	14.25	5.50
» 276 » 331 . . . . .	19.29	21.24	14.05
» 331 » 386 . . . . .	10.58	21.04	23.21
» 386 » 441 . . . . .	7.77	11.09	20.76
» 441 » 662 . . . . .	11.36	21.17	25.34
» 662 » 882 . . . . .	2.76	4.37	6.41
882 and over . . . . .	0.83	0.98	2.60

Let us add that the small farms founded between 1905 and 1910 are not only larger than those of earlier foundation, but the soil is richer, so that we find the value of the small holdings continually rising; the average value of the farms earliest founded, between 1900 and 1905 was 4,021 crs., that of those founded between 1905 and 1910, 5,317 crowns; that of the latest founded (1910-1911), 6,687 crowns. It is true that the price of land has also risen, increasing from 659 crowns per hectare in 1900-1905 to 783 crowns in 1905-1910 and 820 crs. in 1910-11.

Between 1900 and 1911, 651 small farms were sold and 110 changed hands more than once. However, if we consider the total number of farms founded during the period, we find that the sales were only 2.6 % per ann., a percentage far lower than that of the ordinary sales of rural holdings which was about 8 % between 1905 and 1909.

This shows that the small State farms have not been injured by speculation.

Besides these voluntary sales, 16 took place by order of the courts, causing a loss to the Treasury of 9,120 crs. in principal and 1,876 crs. in interest.

#### B. — *Condition and Origin of the Purchasers.*

The Enquiry of the State Statistical Bureau shows that 5,441 small farms (out of 5,777 formed) were inhabited by 26,531 persons, or on an average, 4.91 persons per farm (1).

(1) Of the 336 farms not included in the Enquiry, 166 were already freed from their debt to the State and we have no information in regard to the other 170.

With regard to the age, condition and profession of the purchasers, interesting information may be found in the following tables prepared on April 1st., 1911.

TABLE III. — *Age of Purchasers.*

	Number of Persons	Percentage
25-30 years . . . . .	1,548	28.5
30-40 „ . . . . .	2,347	43.1
40-50 „ . . . . .	1,247	23.4
over 50 „ . . . . .	32	4.4
Unknown . . . . .	32	0.6
Total . . .	5,441	100.0

TABLE IV. — *Condition of Purchasers.*

	Number of Persons	Percentage
Married before Establishment on the Farm . . . . .	4,470	82.2
Married in the Year of Establishment on the Farm . . . . .	565	10.4
Unmarried . . . . .	307	5.6
Condition Unknown. . . . .	32	1.8
Total . . .	5,441	100.0

TABLE V. — *Profession of Purchasers.*

	Number	Percentage
Agricultural Labourers. . . . .	3,958	72.8
Labourers on Wages . . . . .	527	9.7
Artisans . . . . .	405	7.4
Miscellaneous (1) . . . . .	440	8.1
Profession Unknown. . . . .	111	2.0
Total . . .	5,441	100.0

(1) Amongst these, 76 dairymen, 49 wooden shoemakers, 49 brickmakers, 46 wood cutters, 29 fishermen, 27 carriers, 25 road labourers.

As we see, it is specially labourers who are married or about to marry who desire to become landowners.

Table VI shows the amount of labour for wages done by a certain number of farmers on holdings other than their own:

TABLE VI. — *Wage Labour of Farmers.*

Area of Farms in Ares	Working Year	Number of Farms	Number of Farmers working on other Holdings	Average Number of Days of Labour for Wages per Year
110 to 221 . . .	1900-1905 . . . . .	225	192	158
	1905-1910 . . . . .	208	175	175
	1910-1911 . . . . .	14	11	198
221 to 331 . . .	1900-1905 . . . . .	604	477	135
	1905-1910 . . . . .	1,064	856	138
	1910-1911 . . . . .	126	105	159
331 to 441 . . .	1900-1905 . . . . .	366	274	116
	1905-1910 . . . . .	940	689	116
	1910-1911 . . . . .	288	228	120
441 and over . .	1900-1905 . . . . .	475	258	102
	1905-1910 . . . . .	804	489	113
	1910-1911 . . . . .	223	139	107

It is not surprising that the number of farmers working less and less on other holdings is increasing. But it will be regretted that the State Statistical Office has not indicated to what we may attribute the fact that the average number of days of labour for wages seems to increase as the years go on, in every class.

C. — *Amount of Livestock and Mode of Utilisation of the Soil;  
Co-operative Action of the Farmers.*

The Statistics of the number of Head of Livestock including Poultry owned by the State farmers are important, as they permit of our appreciating the economic situation of the peasant farmers. The statistical return to which we have already referred gives us the situation of 5,374 farmers, as regards their livestock, on April 1st., 1911. At that date, as we shall see in the following table, there were on their farms 5,187 horses, 22,079 head of horned cattle, 33,623 pigs, 1,156 sheep and 155,250 fowls.

TABLE VII. — *Number of Head of Livestock including Poultry on the Various Farms.*

Average Area of the Farms in Ares	Number of Farms	Total Area in Hectares	Horses	Horned Cattle	Pigs	Sheep	Fowls
110 to 221 . . . . .	411	712	175	1,195	2,053	51	12,070
221 to 331 . . . . .	1,814	4,742	1,233	6,524	10,898	180	58,247
331 to 441 . . . . .	1,612	5,830	1,633	6,907	10,394	234	45,839
441 to 662 . . . . .	1,184	5,932	1,557	5,511	7,824	387	29,892
662 and over . . . . .	353	2,946	586	1,942	2,454	504	9,202
Total . . . . .	5,374	20,162	5,187	22,079	33,623	1,156	155,250

As this table does not show the average number of head of livestock for each farm we shall complete it by the following:

TABLE VIII. — *Average Number of Head of Livestock including Poultry, per farm in 1906 and 1911.*

Average Area of the farms in Ares	Number of Head of Livestock on April 1st., 1906					Number of Head of Livestock on April 1st., 1911				
	Horses	Horned Cattle	Pigs	Sheep	Fowls	Horses	Horned Cattle	Pigs	Sheep	Fowls
110 to 221 . . . . .	0.2	2.8	3.8	0.2	27	0.4	2.3	5.0	0.1	29
221 to 331 . . . . .	0.3	3.0	3.7	0.3	26	0.7	3.6	6.0	0.1	32
331 to 441 . . . . .	0.5	3.3	3.2	0.5	23	1.0	4.3	6.4	0.1	28
441 and over . . . . .	0.8	3.6	3.2	1.3	22	1.4	4.8	6.7	0.4	25
General Average . . . . .	0.4	3.1	3.5	0.5	25	1.0	4.1	6.3	0.2	29

As we see, except in the case of sheep (1), the number of head of livestock per farm has considerably increased in the space of five years. It seems that the immediate anxiety of the farmers, from the moment of their installation was to have at once a sufficient number of horned cattle. Only afterwards they put themselves out to get horses, but the increase in the number of the latter has been far more rapid. It will not

(1) This is quite usual. Consulting ENGELBRECHTS' *Landbauzonen Atlas*, (T. H. ENGELBRECHT, *Die Landbauzonen der Aeusser-tropischen Laender*, Berlin, 1899, 3 vol. 4to.), we find both in the Old World and in America a progressive decline in sheep farming, in proportion as the population increases in density.

be without interest to compare the situation of the colonists' farms, from the point of view of the livestock on them, with that of ordinary farms of about the same area. On April 1st., 1911, on 100 hectares farmed there were:

	Horses	Homed Cattle	Pigs	Sheep	Fowls
On Small Farms of from 55 to 495 ares (1) . . . . .	23	117	104	22	1,430
On Colonisation Farms . . . . .	26	110	166	6	770
The General Average being. . . . .	17	68	53	28	750

(1) According to the General Statistical Return of 1909.

It will not fail to be remarked how small is the number of sheep and how great, on the other hand, the number of pigs on the colonisation farms.

Let us now see in what manner the colonists utilise the land they have obtained the grant of. The enquiry instituted by the Statistical Office obtained information on this point with regard to 5,163 colonists, and the following table allows of our making a comparison between their farms and the total cultivated area of Denmark as shown in the Statistical Return for 1907.

TABLE IX. — *Distribution of the Cultivated Soil.*

	Of 5,163 Colonists' Farms in 1911		Of the Whole Area Cultivated in 1907
	Hectares	%	%
Autumn Sowing. . . . .	2,205	11.9	10.9
Spring Sowing . . . . .	6,294	34.0	28.6
Root plants and Tubers . . . . .	3,623	19.6	10.7
Fallow Land . . . . .	960	5.2	8.0
Gardens . . . . .	678	3.7	1.8
Other Farms . . . . .	4,749	25.6	40.0
Total . . . . .	18,509	100.0	100.0

Let us, finally, add that of 5,149 farmers, 4,689 or 91 % were members of co-operative dairies; 2,880 or 56 %, of co-operative slaughterhouses; 1,023 or 20 % of co-operative societies for the sale of eggs; 94 or 1.8 % of livestock improvement syndicates. These percentages, of which the first two exceed the average for farmers of farms of the same area by 6 and 16 respectively, show the great importance of co-operation for the farmers.

# GREAT BRITAIN AND IRELAND.

## I. SYSTEMS OF LAND VALUATION IN THE UNITED KINGDOM.

by C. GERALD EVE, *Fellow of the Surveyors' Institution (England):*  
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### PART II.

#### *THE VALUATION OF THE UNITED KINGDOM NOW PROCEEDING UNDER MR. LLOYD GEORGE'S BUDGET OF 1910.*

In the preceding part of this article, which appeared in the Bulletin of December, a description was given of the systems of Land Valuation in vogue in the United Kingdom prior to the famous Budget introduced by Mr. Lloyd George known as the Finance (1909-10) Act 1910. It was explained that such systems are still in force and are in no way impaired by this Finance Act.

In this second part of the article an attempt is made to explain :

(1) the provisions of this Finance Act in so far as it institutes a new system of valuation of the whole of the lands in the United Kingdom known as the " Original Valuation :"

(2) the purpose of the Valuation to the extent to which it is revealed in the Finance Act, namely the imposition of certain land value duties :

(3) the further purposes for which the valuation when completed might be used if the Legislature so directed :

(4) the valuation and taxation of minerals.

It will be convenient to take these four headings seriatim.

#### § I. THE SYSTEM OF THE " ORIGINAL VALUATION " OF THE UNITED KINGDOM.

The System is absolutely uniform throughout England, Scotland, Ireland & Wales, forming a favourable contrast with the great variations in valuation systems in different portions of the Kingdom as described in Part I of this article.

The Commissioners of Inland Revenue are charged with the duty of carrying out the valuation throughout the entire kingdom. The Commissioners are of course permanent civil servants of the Crown and are four in number. They instituted a Valuation Office or Department of the Inland Revenue composed of permanent civil servants and temporary officials.

The Valuation Office consists of a Chief Valuer and Deputy Chief Valuer for England and Wales, stationed at the head office in London, 13 Superintending Valuers stationed at various provincial centres throughout England and Wales in charge of divisions of the country, 115 District Valuers in charge of districts within such divisions, and the District Valuers are each in immediate control of a staff of valuers, valuation assistants, draughtsmen, and clerks. As regards Scotland, there is a Chief Valuer for Scotland stationed at Edinburgh, with 1 Superintending Valuer, 10 District Valuers and their staffs immediately under them. In Ireland the work of valuation is being carried out on behalf of the Commissioners of Inland Revenue by the Commissioner of Valuation, the machinery of the Government Valuation Department in Ireland having been previously in existence for other Local and Imperial taxation purposes as described in Part I of this article.

It will thus be seen that a chain of control by steps of decentralisation was the guiding principle in the formation of the Valuation Office.

Those of the staff who are permanent civil servants are almost without exception either Fellows (known also as Chartered Surveyors) or Professional Associates of the Surveyors' Institution. This Institution possesses a Royal Charter to secure the advancement and facilitate the acquisition of the knowledge of the profession of a Surveyor and to extend the usefulness of such profession for the public advantage, and after thorough and exhaustive examinations issues Diplomas to Fellows or Professional Associates as a result of such examinations subject to enquiry into and consideration of the practical experience and standing of the examinees. A large proportion of the temporary valuers are also members of the Surveyors' Institution.

The Finance Act directed the Commissioners as soon as may be after the passing of the Act (29th. April, 1910) to cause a valuation to be made of all land in the United Kingdom. "Land" includes all houses, buildings, structures, timber, fixed machinery that would at common law pass on the transfer on sale of a fee simple in the absence of any express stipulation, and rights of sporting. In other words "land" is used in the comprehensive sense of real property as opposed to personal or chattel property. Each piece of land which is under separate occupation is to be separately valued and the value is to be estimated as on the 30th. April, 1909. The owner can however absolutely require any *part* of an occupation to be separately valued, and may desire the Commissioners to aggregate several contiguous occupations in one separate valuation provided that the area does not exceed 100 acres, whereupon if the Commissioners consider there are special circumstances rendering it equitable so to aggregate, they are to comply; but the unit of valuation is generally the unit of occupation.



The Commissioners are empowered to call for returns from any owner or person receiving rent, giving particulars as to the rent, ownership, tenure and such like. Accordingly a form of return known as "Form 4" was prepared and 10,931,236 of these forms were issued to owners mostly in August, 1910, and 93.23 per cent of these were received by the Commissioners up to the 31st. March, 1913. These figures exclude Ireland. The form of return is shown in Appendix I.

The Commissioners obtained copies of the Poor Rate Valuation List for each Parish (shown in Appendix II of Part I of this article) in force on 30th. April, 1909, and the information there given as to owner, occupier, area and poor rate assessment was placed upon Forms 4 before issue to the owners, to enable them to identify the property concerned by each Form 4. At the same time the opportunity was taken to give an identification number to each Form 4 to correspond to a serial number inserted against each hereditament or separately rated occupation appearing in the copy of the Poor Rate Valuation List. These identification numbers in each parish are the permanent means by which the new Valuation Book is related to the record plans of the Commissioners and by which owners can relate their properties to the respective units of valuation.

It will be observed by a reference to the second part of Form 4 in Appendix I that the owner could if he so desired furnish the Commissioners with his opinion of the value of the property, whereupon the Commissioners are to give it their consideration before fixing the values; but this option has been very rarely exercised.

A penalty not exceeding £50 can be imposed through the Courts under the provisions of the Finance Act in case of failure to return Form 4; but the writer is not aware of any instance where it has been found necessary to exact a penalty.

Persons who pay or receive rents can be required to state the names and addresses of the persons to whom the rents are paid or on behalf of whom they are received.

Powers of Inspection of property by the Commissioners' valuers are given in the terms following:

"For the purpose of the exercise of their powers or the performance of their duties under this Part of this Act in reference to the valuation of land, the Commissioners may give any general or special authority to any person to inspect any land and report to them the value thereof, and the person having the custody or possession of that land shall permit the person so authorised, on production of the authority of the Commissioners in that behalf, to inspect it at such reasonable times as the Commissioners consider necessary. If any person wilfully fails to comply with the provisions of this section he shall be liable to a penalty not exceeding fifty pounds to be recoverable in the High Court."

The word "land," as previously explained, includes the houses, buildings, etc.

This power of inspection has been previously given to various Crown and local officials under other Taxing and Rating Acts, and is therefore not at variance with past procedure.

§ 2. THE VALUES TO BE ASCERTAINED.

The basis of valuation is to be on the assumption that all property is "fee simple in possession, not subject to any lease." Thus the values to be ascertained do not show the value of any person's interest in the property, such as leasehold interest or reversionary interest, but the full value of or the combined interests in the property; fee simple being the most absolute interest which a subject can possess.

The values to be ascertained are four in number and, in the case of agricultural land, five in number.

They are known as (1) Gross Value; (2) Total Value; (3) Full Site Value; (4) Assessable Site Value; (4) Value for Agricultural Purposes.

*Gross Value* is defined as "The amount which the fee simple of the land if sold at the time in the open market by a willing seller in its then condition, free from incumbrances, and from any burden, charge, or restriction (other than rates or taxes) might be expected to realise."

"The expression incumbrance' includes a mortgage in fee or for a less estate and a trust for securing money, and a lien and a charge of a portion, annuity, or any capital or annual sum, but does not include a fixed charge as defined by this Act."

Therefore in fixing Gross Value the valuer is to pre-suppose that the property is subject to the common liabilities such as repairs, fire insurance local rates and Imperial taxes, but not to the tithes, adverse rights of way or of light, adverse rights of common, mortgages, terminable annuities (e. g. charged on lands in favour of the owner's family by will or to repay money borrowed for improvements) and such like.

*Total Value* is defined as "The Gross Value after deducting the amount by which the Gross Value would be diminished if the land were sold subject to any fixed charges and to any public rights of way or any public rights of user, and to any right of common and to any easements affecting the land, and to any covenant or agreement restricting the use of the land entered into or made before the thirtieth day of April nineteen hundred and nine, and to any covenant or agreement restricting the use of the land entered into or made on or after that date, if, in the opinion of the Commissioners, the restraint imposed by the covenant or agreement so entered into or made on or after that date was when imposed desirable in the interests of the public, or in view of the character and surroundings of the neighbourhood.

"The expression 'fixed charge' means any rent charge as defined by this Act, and any burden or charge (other than rates or taxes) arising by operation of law or imposed by any Act of Parliament, or imposed in pursuance of the exercise of any powers or the performance of any duties under any such Act, otherwise than by a person interested in the land or in consideration of any advance to any person interested in the land."

"The expression rentcharge means tithe or tithe rentcharge, or other periodical payment or rendering in lieu of or in the nature of tithe, or any

fee farm rent, rent seck, quit rent, chief rent, rent of assize, or any other *perpetual* rent or annuity granted out of land."

Total Value is consequently the actual market value of property on the terms and the conditions under which property is usually offered by sale at public auction, and from that very reason it may often be expedient to first arrive at Total Value and to add thereto, in order to reach Gross Value, the amount in excess of normal market value which the property would realise if sold under the terms of definition of Gross Value.

*Full Site Value* means "The amount which remains after deducting from the Gross Value of the land the difference (if any) between that value and the value which the fee simple of the land, if sold at the time in the open market by a willing seller, might be expected to realise if the land were divested of any buildings and of any other structures (including fixed or attached machinery) on, in or under the surface, which are appurtenant to or used in connection with any such buildings, and of all growing timber, fruit trees, fruit bushes, and other things growing thereon."

It is not easy to grasp this definition without some study. Full Site Value however is exactly akin to Gross Value except that the buildings and other recited subject matters are assumed to be non-existent. It is most important to remember that Full Site Value is a fresh conception of Value, arrived at *quite independently* of Gross Value or of any other value. It would be incorrect to fix Gross Value and thereupon reach Full Site Value by deducting the value of the buildings and other subjects deemed to be divested. For example, assume a residential house erected many years ago at a cost of £2 000 but owing to the approach of small shops or working class dwellings or other depreciatory causes it has become obsolescent and very difficult to let or sell. The Gross Value may well be only £500. But to ascertain Full Site Value the valuer now assumes the site is bare building land and he would at once know that, for the purposes of sites for shops or working class dwellings, it would readily sell at £450.

The difference between Gross Value £500 and Full Site Value £450 is thus £50, and can only be termed the "difference" and not the value of any subject matters.

So long as the obsolescent house exists the site is damaged; remove the house and the site may then well be of a value approaching or even equal to the value of the existing composite property, house and site.

*The Assessable Site Value* means the total value after deducting —

"The same amount as is to be deducted for the purpose of arriving at full site value from gross value" (i. e., buildings, etc); and

"Any part of the total value which is proved to the Commissioners to be directly attributable to works executed, or expenditure of a capital nature (including any expenses of advertisement) incurred *bona fide* by or on behalf of or solely in the interests of any person interested in the land for the purpose of improving the value of the land as building land, or for the purpose of any business, trade, or industry other than agriculture; and

"Any part of the total value which is proved to the Commissioners to be directly attributable to the appropriation of any land or to the gift

of any land by any person interested in the land for the purpose of streets, roads, paths, squares, gardens, or other open spaces for the use of the public; and

“ Any part of the total value which is proved to the Commissioners to be directly attributable to the expenditure of money on the redemption of any land tax, or any fixed charge, or on the enfranchisement of copyhold land or customary freeholds, or on effecting the release of any covenant or agreement restricting the use of land which may be taken into account in ascertaining the total value of the land, or to goodwill or any other matter which is personal to the owner, occupier, or other person interested for the time being in the land ; and

“ Any sums which, in the opinion of the Commissioners, it would be necessary to expend in order to divest the land of buildings, timber, trees, or other things of which it is to be taken to be divested for the purpose of arriving at the Full Site Value from the Gross Value of the land and of which it would be necessary to divest the land for the purpose of realising the Full Site Value.

“ Where any works executed or expenditure incurred for the purpose of improving the value of the land for agriculture have actually improved the value of the land as building land, or for the purpose of any business, trade, or industry other than agriculture, the works or expenditure shall, for the purpose of this provision, be treated as having been executed or incurred also for the latter purposes.”

The Assessable Site Value is akin to Total Value except that the buildings and other subjects for divestment are assumed to have disappeared ; in other words the Assessable Site Value is the actual market value of a hypothetical bared site, but *thereafter* deductions are made for the value that the owner or his predecessors in title have contributed to the property to improve it for any purpose other than agriculture.

Form 7 (see Appendix II) is sent to owners who desire to claim the deductions.

*The Value for Agricultural Purposes* is not defined but may be taken to be the market value of the property as if sold under the restriction that it must only be used for agricultural or forestry purposes.

Before proceeding further it might be advisable to summarise these meanings of the values as succinctly (and therefore not quite accurately) as possible:

Gross Value: Fee simple in possession; property freed from all charges and adverse rights except rates, taxes and repairs; an ideal hypothetical condition.

Full Site Value: As above but land is now bare.

Total Value: Actual market value of a fee simple in possession, after regarding *perpetual* charges and adverse rights.

Assessable Site Value: As above but land is now bare, and then deductions are made for value contributed by owners past and present.

Special attention must be drawn to the basis of valuation, “ the amount which the fee simple of the land if sold at the time in the open market by a willing seller in its then condition might be expected to realise ”.

“ Expected to realise ” introduces the science of valuation.

The hypothetical “ willing seller ” must be willing to take open market-competition price. He is not to be made willing to sell by tempting him with an extravagant price ; nor can he hold out for a “ pretium affectionis ” on the ground that he is not desirous of selling ; nor can he “ blackmail ” a purchaser who, he knows, has a special necessity for the property.

The value is not necessarily the amount an owner can get in fact and in practice by using all the “ levers ” at his command or by holding up the monopoly of land against an individual, but the amount which he would get on the hypotheses laid down. Everyone who has the money and will to buy is asumed to be put into rivalry with each other and these intending buyers are assumed to know that the seller is willing to sell in a market so formed, and at a price obtained in such a market. The seller may in fact happen to be placed in a position much more advantageous than the one just described, but if so he must be assumed to descend from that position and submit himself to the open market.

“ In its then condition ” are words that do not prevent the potentialities of the property from being included in the value, but the cost of converting the property from “ its then condition ” to the ameliorated condition must be regarded.

Having concluded the attempt to explain the general provisions of the Finance Act as regards the Original Valuation it will be convenient to deal with those provisions affecting “ copyhold ” lands, and to the special consideration shown to agricultural lands and woodlands.

### § 3. COPYHOLD LANDS.

Copyhold lands are lands which the copyholder-owner holds by Copy of Court Roll from the lord of the manor in contradistinction to fee simple or freehold lands where the owners are absolute owners of the complete interest in the land.

When a copyholder wishes to sell his land he must first surrender it to the lord of the manor and pay fines and fees, whereupon the lord enters the purchasing copyholder on the rolls of the manor in place of the selling copyholder. In some manors these fines are very heavy and in others nominal varying according to the custom of the manor. Fines and fees are also sometimes payable to the lord upon the death of the successive copyholders.

The Act provides that Gross Value and Full Site Value of copyhold lands shall be on a basis similar to the general basis, namely as fee simple or freehold lands, but Total Value and Site Value are to be ascertained as if the land were freehold land, subject to a deduction of such an amount as is proved to be equal to the amount which it would cost to enfranchise the land.

Under the Copyholds Acts any copyholder can insist upon enfranchising his copyhold land and converting it into freehold by paying a sum to the lord of the manor. The sum is computed by capitalising the lord's

monetary rights to fines and fees and adding the value of the lord's minerals, if any, beneath the surface.

In many manors the copyholders prefer to remain as such because an enfranchisement would not be economic when compared with the continuance of payment of fines and fees on death or alienation (such as sales). But the Finance Act compels a deduction from estimated freehold value of the estimated cost of enfranchisement in order to ascertain Total Value and Assessable Site Value, thereby arriving in many cases at a Total Value lower than the price at which copyhold lands in fact realise on sale. It would, therefore, appear to have been better if the Legislature had enacted that Total Value should be the actual copyhold value.

#### § 4. AGRICULTURAL LAND.

The special consideration shown to agricultural land and land under forest will be more apparent when the incidence of land values duties is later dealt with, but so far as the provisions of the Original Valuation of the Kingdom are concerned, some remarks are necessary.

If reference is made to the definition of Assessable Site Value it will be noticed that deductions from Total Value for the purpose of arriving at Assessable Site Value are only allowed :

(1) for works executed or capital expenditure incurred for the purpose of improving the value of the land as building land or for any trade or industry *other than agriculture*, and

(2) For any works or capital expenditure incurred for the *purpose* of agriculture but which have resulted in improving the value of the land as building land or for any trade or industry other than agriculture.

This provision might appear to penalise rather than favour agricultural land, but so long as land has no higher value than its market value for agricultural purposes no Increment Value Duty is chargeable, nor is Undeveloped Land Duty chargeable except on the excess of Assessable Site Value over Agricultural Value (including site, buildings, trees, etc.), nor is Reversion Duty leviable on land when it is agricultural land. These duties are hereafter explained.

Hence inasmuch as the Finance Act so exempted agricultural lands and was framed for the collection of duties, it confined the deductions to non-agricultural improvements; any inclusion of improvement deductions would have been superfluous and by enlarging the scope of the deductions would have retarded the work and increased the cost of the valuation.

Further any such inclusion would have caused a distinct hardship to owners of agricultural lands when such lands became building land. If the Assessable Site Value of some agricultural land be £1000, and agricultural improvements such as land drainage and a farm road were deducted, the Assessable Site Value might then be £600. In course of years the land ceases to be in the category of agricultural land and becomes valuable for building land and is sold for £5000. If the £5000 be compared with the

original Assessable Site Value of £600 instead of £1000 an extra taxable increment value of £400 is revealed to the detriment of the owner, and the £5000 cannot be subjected to deductions of £400 for the land drains and farm road inasmuch as these have become entirely obsolete, of no service, and contribute no value to the £5000 paid for the building land.

Therefore the exclusion of agricultural improvements which for the greater part tend to become obsolete when agricultural land becomes valuable for building land, was an equitable provision in an Act framed for the taxation of increment.

But should the legislature at any time desire to use the Original Valuation as a basis upon which to levy annual rates and taxes for local and Imperial purposes in lieu of the existing basis, it is clear that for *such* purpose deductions for agricultural improvements must be made to arrive at site values of agricultural lands in order to place such lands on an equivalent footing with lands which are not agricultural.

In August 1913, a Bill was brought into the House of Commons by the Chancellor of the Exchequer with such intent, but was withdrawn owing to lack of time for proper discussion and is likely to be introduced again next session though possibly in a different form.

## § 5. OBJECTION TO VALUATIONS

Notification of the values to the owners of lands, and their rights of objection and appeal against such values should next be explained.

The valuers, having arrived at the values send a copy of their "Provisional Valuation" to owners and certain other persons interested in the land. This is known as Form 36 and will be found in Appendix III as also will Form 35 which accompanies 36 in order to explain to owners the steps they should take.

Within 60 days of the receipt of the Provisional Valuation the person receiving, if dissatisfied with it, must state in writing (there is no special form prescribed) the grounds of his objection and the amendment he desires to Total Value or Site Value. This objection is generally sent to the District Valuer. The Commissioners may in their discretion extend the 60 days in any special case and frequently do so when good cause is shown such as ignorance, illiteracy, serious illness or absence abroad.

If the owner does not object, then the Provisional Valuation becomes the Original Valuation and is entered in the Valuation Book of the Parish. If the owner does object the District Valuer reconsiders his figures and either adheres to his previous valuation or serves an Amended Provisional Valuation, adjusting Gross Value, Full Site Value and Value for Agricultural Purposes so as to bear proper relation to the amendments made to Total Value or Assessable Site Value pursuant to the objection lodged against those two values.

The owner eventually either becomes satisfied with the Provisional Valuation which then becomes the Original Valuation for recording in the

Valuation Book, or he appeals to a referee by giving notice of appeal to the Commissioners of Inland Revenue and to a "Reference Committee." The panel of referees numbers about 15 for England and Wales, 9 for Scotland and 3 for Ireland. They are appointed by a Reference Committee consisting of the Lord Chief Justice, the Master of the Rolls, and the President of the Surveyors' Institution as regards England and Wales, and of the persons holding equivalent positions as regards Scotland and Ireland. The referees are, therefore, practically appointed by the King's Judges and not by any Government Department.

The referees are skilled surveyors or valuers of high standing in their profession carrying on general practice as surveyors, who invariably inspect the property concerned and hear evidence locally; the Reference Committee selects a referee from the panel to hear each appeal. The referees are paid out of moneys provided by Parliament, and neither the appellant nor the Commissioners of Inland Revenue are at any cost as regards the referees' fees; the referee can at his discretion award as to whether either party to an appeal should pay the expenses of the other party.

The number of notices of appeals that have been lodged up to 31st. March, 1913 have been 0.1% of the number of units of occupation the Provisional Valuations for which have been served upon the owners, or one in every thousand. The greater portion of the appeals are settled without recourse to an actual hearing by a referee.

Apportionments of any unit of Original Valuation are made when only part of a unit becomes liable to any land values duty if it is necessary to make such an apportionment for the purpose of collecting the duty. The owners concerned may object and appeal against the apportionment in the same way as against a Provisional Valuation. The apportionments must not of course aggregate to a figure differing from the Original Valuation figure.

The Commissioners record on plans the boundaries of the unit of each Provisional Valuation and of any subsequent apportionment. The plans used are those made by the Ordnance Survey Department.

Statutory companies such as railway, canal, dock, water, gas or other companies who carry on such public undertakings under any Special Act of Parliament, are exempted from making returns to the Commissioners as to their property except as to the cost of the acquisition of the land by the company and such cost is adopted in lieu of the original Site Value. Consequently such properties are not being valued.

#### § 6. HOW THE VALUATION IS PROGRESSING.

The progress that has been made in the immense task of making the Original Valuation of the United Kingdom will doubtless be of interest.

The Act passed on 29th. April, 1910, whereupon the Commissioners had to organise an administrative scheme and engage a staff of valuers and



clerks. This necessarily occupied some time and then the staff had to be familiarised with the provisions of the Act as regards valuation.

Further it must be remembered that in addition to making the Original Valuation, the Valuers are engaged upon :

(a) The valuation of all real property for death duties. Up to 31st. March, 1913, the value certified (exclusive of Ireland) amounted to over 206 millions, and the Valuation Office increased the values returned to the Estate Duty Office by the parties accounting for the property of the deceased persons, by 6.52 % or £12,728,819. In Ireland the corresponding percentage was 13.03 % and the increase £449,068. The extra Death Duties on these figures should be remembered as an asset when considering the cost of the Valuation Department.

(b) The valuation of property for stamp duty upon voluntary dispositions of real property. The values certified up to 31st. March, 1913, in Great Britain was £9,766,188.

(c) The re-valuation of land upon the occasions of sale, lease for over 14 years, and death, in connection with Increment Value Duty. Up to 31st. March, 1913, these re-valuations amounted to £233,449,872 in Great Britain.

(d) Enquiries into the liability or otherwise of land to Undeveloped Land Duty ; a laborious task.

(e) Special valuation for Reversion Duty.

(f) Valuations for deciding the annual values in connection with excise or licence duties upon houses licensed for the sale of alcoholic liquors.

Inasmuch as the work of the Original Valuation is proceeding *pari passu* with the levying of the duties, the progress of the Original Valuation is naturally impeded.

It was contemplated that the Original Valuation would occupy 5 years, and be completed on 31st. March, 1915. The Table below relates to the progress of the Original Valuation and it will be seen that by 31st. March 1913, nearly 4 ½ millions (out of a total of approximately 10 millions) of hereditaments had been valued, as regards England, Scotland and Wales. As regards Ireland 48,047 Provisional Valuation had been notified to owners by such date.

TABLE I. — *Progress of the Original Valuation.*

	Total number of Provisional Valuation- made and notified to the owner and other persons entitled to notice.	Total number of hereditaments included in Provisional Valuations.	Approximate area of land included in Provisional Valuations.	Aggregate " Total Value " of land included in Provisional Valuations.
			Acres	£
On or before 31st. March, 1912 :				
Great Britain . . .	1,799,468	2,218,317	3,637,955	614,605,705
In year ended 31st. March, 1913:				
England and Wales	1,633,292	1,987,769	8,550,992	872,850,191
Scotland . . . . .	71,496	276,193	2,232,733	73,830,535
Great Britain . . .	1,704,788	2,263,962	10,783,725	946,680,726
Total to 31st. March, 1913:				
Great Britain . . .	3,504,256	4,482,279	14,421,680	1,561,286,431

## § 7. THE LAND VALUE DUTIES IMPOSED BY THE ACT.

This article being restricted to Systems of Valuation, the Duties imposed by the Finance Act can only be shortly explained.

The duties are : (a) Increment Value Duty; (b) Undeveloped Land Duty; (c) Reversion duty.

(a) *Increment Value Duty.*

Increment Value Duty is at the rate of £1 for every complete £5 of increment value accruing after 30th. April, 1909, and is collected so far as it has not been previously paid on each occasion of :

- (a) The transfer on sale of the fee simple or any interest in land ;
- (b) The grant of a lease of land for a term exceeding 14 years ;
- (c) The passing on death of the fee simple or any interest in land.

The increment value is the amount by which the Site Value on each such an occasion exceeds the Assessable Site Value in the Original Valua-

tion (which fixes the datum line). But the duty paid on a previous occasion is credited on each successive occasion. Thus duty is not collected more than once on the same increment value; the land itself becomes franked or credited with the duty paid on each successive occasion.

An allowance of 10 % of the Assessable Site Value in the Original Valuation is deducted from the increment value, before charging duty, upon the happening of the first occasion, and thereafter the 10 % is successively based upon the Site Value fixed upon the last preceding occasion upon which duty was collected.

Until, therefore, sites have appreciated 10 % no increment value duty will be forthcoming as regards genuine rises in Site Values, and the further 10 % allowances granted on subsequent occasions will go far to defeat collection of duty subsequently. There is a proviso, however, limiting the 10 % allowances so as not to exceed 25 % in any period of 5 years.

The next step is to understand how the Site Value is calculated on the happening of an "occasion."

It must be emphasised that whereas the Original Valuation is a distinct valuation, yet the Site Value on a sale or lease occasion is a *calculation* based on the price or consideration paid on the sale or the rent reserved in the lease. The Original Assessable Site Value is deduced from a Total Value of lands assumed to be fee simple in possession (except as to copyholds as previously explained); consequently the Site Value on the occasion must be deducted from a Fee Simple Value or price comparative in its nature with Original Total Value. Therefore the Act provides that sale prices or rents reserved for leases, whether paid for the whole fee simple or any lesser interest in land, are to be converted into terms of fee simple, but in the process of conversion the prices paid or rents reserved must be sedulously preserved as the basis or foundation on which to calculate when converting.

This Fee Simple Value is frequently called "the Fee Simple Value based on the consideration paid."

From this latter Value the Occasion Site Value is deduced in exactly the same way in which Original Assessable Site Value is deduced from Original Total Value, but no deduction may be made on any "occasion" if the deduction is one which could have been but was not claimed in ascertaining the Original Assessable Site Value from Total Value.

The Original Assessable Site Value and the Occasion Site Value being then contrasted the increment value, if any, is revealed, and this increment value is in terms of fee simple. If the actual occasion under review is in fact in respect of an interest less than the fee simple, then only such part of the increment value duty is collectible as is proportionate to the lesser interest.

As regards occasions on death, the real market value on which Estate (Death) Duty is payable becomes the Occasion Total Value, but again, of course, after conversion into terms of fee simple if a lesser interest passes on death.

An occasion valuation is might be as follows:

A lease for 99 years is granted at a rent of £90, a very exorbitant figure;

The Fee Simple Value on *such* a basis might be . . . . . £1,800

*Deductions :*

(a) Difference between <i>Real*</i> Gross Value . . . . .	£1,600	
and <i>Real*</i> Full Site Value . . . . .	£400	£1,200
		<hr/>
		£600
(b) Value attributable to road-making . . . . .	£20	
(c)    »            »            redeeming tithe . . . . .	£10	£30
		<hr/>
	Site Value on Occasion . . . . .	£570

The Original Valuation as on 30th. April, 1909 was :

	Total Value . . . . .	£1,500
(a) Difference betwsn Gross Value . . . . .	£1,600	
And Full Site Value . . . . .	£400	£1,200
		<hr/>
		£300
(b) Road-making . . . . .	£20	
(c) Redemption of Tithe . . . . .	£10	£30
		<hr/>
	Original Assessable Site Value . . . . .	£270

The Increment Duty payable, assuming the occasion to be the first to occur would be :

	Occasion Site Value . . . . .	£570
	Original Site Value. . . . .	£270
	Add the 10 % . . . . .	£27
		<hr/>
	Increment . . . . .	£273

Duty £1 for every complete £5 = £54.

Now it will be noted that in this case the Occasion Site Value (£570) exceeds the Original Site Value (£270) by £300, and that increment is revealed *although the Site Value has not in fact as a matter of real valuation risen in value*, but inasmuch as the deduction from the Total Value on the Occasion is, on the proper construction of the Act as confirmed by the High Court and Court of Appeal (the case has not yet reached the House of Lords), limited to the £1,200 (being the difference between the two genuine Gross and Full Site Values, as opposed to price paid, *freshly ascertained* as on the day of the grant of lease) the "fancy" or excess price of £300 becomes absorbed

(\* *Actual* Values at the time of grant of lease).

into Occasion Site Value. Where, however, a property other than bare land sells for a price consistent with its real value *at the time* of its sale, no matter how much in excess of the Original Total Value, no increment is revealed unless the site has genuinely risen in value.

It is contended by many that the Legislature did not intend to throw that part of the price paid in excess of real value (except in the case of occasions connected with bare land) on to the Occasion Site Value, and it is possible that an amending bill may be introduced; but the Act has of necessity and of right been administered on its legal construction.

A concession is made to owners in cases of sale occasions whereby the Site Value on an occasion, instead of being contrasted with the Original Assessable Site Value for the purpose of Increment Value Duty is compared with a "Substituted Site Value." This Substituted Site Value is based on the consideration paid at any previous sale or on the amount of any advance on mortgage that may have taken place either within 20 years of 29th. April, 1910, or within the life time of any owner who is such on the date of the claim to have such Substituted Site Value recorded. The applicant must prove the facts by producing the deeds connected with such prior transaction. The Substituted Site Value is derived from the consideration paid (or the amount advanced on mortgage) in exactly the same manner as Occasion Site Value upon any sale occasion that gives rise to Increment Value Duty.

The intention of this concession is to prevent Increment Value Duty being payable when a sale is effected at a price less than that obtained within 20 years or within the owner's life time; Increment Value Duty is thus largely defeated.

Inasmuch as properties held by bodies such as municipalities and limited liability companies do not "pass on death" provision is made for a periodical valuation of the sites of such properties in the year 1914 and every subsequent fifteenth year; any increase in site values then revealed is taxable for Increment Value Duty.

The exemptions from Increment Value Duty, mainly directed to the relief of agriculture, are: —

"Agricultural land, while it has no higher value than for agricultural purposes only: small residences occupied by the owner, or holder of lease of 50 years, where annual value does not exceed £40 in London, £26 in towns of 50,000 population, and £16 elsewhere; small agricultural holdings, where land and dwelling do not exceed £30 annual value, occupied and cultivated by the owner, and not exceeding 50 acres (of average value not exceeding £75 an acre); flats (sale, lease, etc., of separate dwelling); land held by rating authorities, statutory companies, charitable bodies, as regard periodical increment value duty (each 15th year)."

#### (b) *Undeveloped Land Duty.*

The rate of Undeveloped Land Duty is one halfpenny annually for every pound of the Assessable Site Value in the Original Valuation; but the Site Values are to be revised in 1914 and thereafter quinquennially.

It is payable by the owner at the time of each yearly assessment ; where land is let on lease for a term of which more than 50 years are unexpired the lessee is liable instead of the owner.

The land liable to duty is any land which has not been developed by the erection of dwelling houses, buildings, or " trade " glass houses, or is not otherwise used for the purpose of any business, trade or industry.

The exemptions from undeveloped land duty, principally in order to favour agricultural land, are:

" Land the site value of which does not exceed £50 an acre; agricultural land, except on such part of the site value as exceeds its agricultural value ; parks and spaces open to the public as of right, or to which the public are allowed reasonable access ; recreation grounds, used as such under agreements for not less than 5 years ; land not exceeding 1 acre occupied with a dwelling house ; garden (with a dwelling-house) up to 5 acres, when site value of the whole does not exceed 20 times its annual value ; agricultural land held under an existing agreement, not chargeable until agreement terminates ; agricultural land occupied and cultivated by the owner, if all land owned by him does not exceed £500 in value ; allowance is made where increment value duty has been paid in respect of undeveloped land ; land held by rating authorities such as corporations and municipalities ; land held by statutory public companies, such as railway, canal, gas, water and dock companies ; land in respect of which expenditure had been incurred in road-making to the extent of not less than £100 for each acre of land improved by such roads."

The exemption of agriculture is very complete: suppose a small farm has a value as building land for development into a building estate, then the excess of such value over agricultural value is alone liable to the duty. The value for agricultural purposes *includes* the farm house, buildings, timber, trees, and hedges as well as the land itself, and this aggregated value is set against the Assessable Site Value (which is the building value) of an assumed bare or divested site.

Woodlands are treated as agricultural lands and the agricultural value, which includes the timber or trees, is similarly contrasted with the Original Site Value of the woodlands which have a value for building purposes. Thus the excess of Site Value over the Agricultural Value is alone taxed for Undeveloped Land Duty.

Where lands around a town are let in allotments or garden plots, but possess a higher value as building land, the excess value is taxable, but many of such allotments are exempted because they are occupied with a house in the locality as a garden.

### (c) Reversion Duty

This is payable by the lessor on the determination of a lease granted for a term exceeding 21 years. The rate of duty is £1 for every £10 of the value of the benefit accruing to the lessor. The benefit is measured by deducting the Total Value of the property at the date of the grant of the lease from the Total Value at the end of the lease, but an allowance is

thereafter made for the value of any improvements made by the *lessor* during the term of the lease and also for any compensation paid by lessor to lessee at the determination. The Total Value at the grant is *calculated* on the basis of the rent reserved and payments made in consideration for the grant of the lease. The Total Value at the determination is the actual value at such time.

The principal exemptions are:

Reversions to leases purchased before 30th. April, 1909, where the lease on which the reversion is expectant, determines within 40 years of the date of purchase; total exemption.

Land which is agricultural land at the determination of the lease; total exemption.

Allowance is made where Increment Value Duty has been paid for the same benefit or increment.

Land held by statutory companies and rating authorities; total exemption.

Where the lessor's and lessees interests become merged, an allowance is made.

When such a merger takes place at a time when more than 50 years of the lease are unexpired, and the value of the property does not exceed £500; total exemption.

#### § 8. THE FURTHER PURPOSES FOR WHICH THE VALUATION MIGHT BE USED IF PARLIAMENT SO DESIRED.

It was stated in the first article that no uniform or equal valuation existed throughout the United Kingdom, that a Royal Commission has reported that such a valuation was desirable, and that a Departmental Committee is now sitting to consider such question among others. When the Valuation now proceeding is completed — and completion is anticipated on 31st. March, 1915 — it will have been made on a basis which applies uniformly throughout the whole Kingdom, and there will be a record of the various values and deductions in a form, which, by any necessary adaptations or adjustments, could be made into a basis on which all local rates and Imperial taxes could be levied.

The values recorded are capital and not annual values, but should annual values be desired, they can be ascertained from the capital values or the valuer's records. It, would, however, be necessary, as previously explained, to arrive at a Site Value of agricultural land reduced by deduction in respect of purely agricultural improvements before levying rates and taxes other than Increment Value Duty.

The form of Records of Values is shown in Appendix IV. It is known as the "Valuation Book."

It is a burning question of the day whether rates and taxes (other than the new land value duties) should continue to be levied as at present on annual values, or be imposed on capital values. It is not desired in this ar-

ticle to treat with political questions, and for that reason it will be sufficient to point out that the fundamental difference between (1) a rate upon annual value levied upon occupiers and (2) a rate upon capital value levied upon owners is that the former depends upon the actual use which happens to be made of land, and the latter upon the use to which it might be reasonably expected to be put. This is the root of the comparison. Further, if "ability to pay" should be the basis, then capital value represents intrinsic worth, whereas annual value frequently does not.

Valuable building land worth £1000 may be let as pasture land at an annual rent of £10; if the land were sold and the £1000 invested at 4 %, the income would be £40. Under the existing system of local annual rates and taxes, the £10 is alone subjected to them, and the wealth represented by the available annual sum of £30 escapes. The imposition of the Undeveloped Land Duty under the Finance Act, 1910, does fall upon what otherwise previously escaped, but it is a question whether the ordinary rates and taxes should not also so fall.

If wealth or intrinsic realisable value should be the basis of contribution to national and local expenditure in respect of land, capital value gives such a basis.

From the records in the Valuation Book can be ascertained either the capital value of an entire property in land or of its site.

#### § 9. THE VALUATION AND TAXATION OF MINERALS.

The Finance Act, 1910, directs that minerals are to be valued as "a separate parcel of land." and throughout the scheme of the Act, both as regards valuation and duties, they are kept distinct from the surface land.

The Act charges an annual duty termed Mineral Rights Duty at the rate of one shilling in the pound (5 %) on the rental value of all rights to work minerals (and of wayleaves), whether worked by the proprietor or leased.

From this duty common minerals such as clay, brick clay, sand, chalk or gravel are exempted.

The duty is payable by the proprietor or lessor.

As regards minerals that were *not being worked or under lease on 30th April, 1909*, the mineral owners are given an option of declaring the nature and value of such minerals, and if the option has been exercised, the Valuation Office value such minerals and record their "Original Capital Value."

When unworked or unleased minerals are sold or pass on death the price paid or value at the death, as the case may be, is contrasted with the Original Capital Value, and one fifth of any increment in Value accruing (less an allowance of 10 % of the Original Capital Value) is payable as Capital Increment Value Duty by the vendor or executors.

Whenever a subsequent sale or death occurs when the minerals are neither in work nor in lease, a comparison of their sale price in case of sale, or value in case of death, is made with the Original Capital Value and if



an increase in value is revealed one fifth of such increment is payable as **duty**, but credit is given for all previous payments of duty and an abatement is made by an allowance or deduction of 10 % of the Capital Value on the last previous occasion upon which Capital Increment Value Duty was collected.

When a proprietor commences to work his minerals, or grants a lease for the working of them this scheme for the collection of Capital Increment Value Duty is superseded by Annual Increment Value Duty and the "capital" scheme is not resumed so long as the minerals are productive. If the working is carried to exhaustion no further Capital Increment Value Duty can ever be collected, but if the workings of the lease terminate before the complete exhaustion of the minerals, the provisions for collection of Capital Increment Value Duty revive and in place of the Original Capital Value a new Capital Value is brought into use, namely, the Capital Value of the *residue* of the minerals; their value is to be specially ascertained two years after the cesser of the workings.

Where unworked minerals come into bearing because the proprietor grants a lease or commences to work, the "Annual Increment Value Duty" is charged at the rate of 20% of the calculated annual increment measured as follows:—

If the minerals are leased the annual rent or royalty received, or if they are worked by the proprietor, the fair estimated rent, is contrasted yearly with the "annual equivalent" of the Original Capital Value or, with the annual equivalent of the capital Value upon which Capital Increment Value Duty was collected in respect of any previous sale or death.

The Annual Increment Value Duty therefore rises or falls from year to year according to the fluctuations of the annual mineral rents or royalties.

Any Annual Increment Value Duty payable in any year defeats and relieves from Minerals Rights Duty up to the amount paid in respect of the former.

The common minerals which are exempt from Mineral Rights Duty are also exempt from Annual Increment Value Duty.

If a mineral owner does not exercise his option and fails to return a value for his minerals which were unworked and not on lease on 30th. April, 1909, such minerals are recorded as having no value; and as a consequence, upon the first happening of any sale, death, grant of a lease or commencement to work, the sale price, value at death, royalty received or fair rental is contrasted respectively with "nil," to the detriment of the proprietor, as no Original Capital Value has been established; the intention being that any fresh discoveries of minerals made after 30th. April, 1909, should be *wholly* subject to Increment Duty.

\*  
\* \*

In conclusion the writer desires to express the hope that, if he has not been successful in explaining the Finance Act of 1910 with sufficient lucidity and clearness to enable its main feature to be grasped, some consideration and forbearance may be shown in view of the complexity and technicality of the subject.

APPENDIX I. — *Form of Return for Duties on Land Values.*

## DUTIES ON LAND VALUES

FINANCE (1900-10) ACT, 1910

REFERENCE: to be quoted  
in all communicationRETURN TO BE MADE BY AN OWNER OF LAND OR BY ANY PERSON  
RECEIVING RENT IN RESPECT OF LAND.

(Penalty for failure to make a due Return, not exceeding £50).

Particulars extracted from the Rate books	} Parish . . . . . Number of Poor Rate Name of Occupier . . Description of Property Situation of Property. Estimated extent. . . Gross Estimated Rent- al (or Gross Value in Valuation List*). Rateable Value . . .	This space is not for the use of the person making the Return.	
		Acres	Roods
		£	
		£	

(\* Applicable to the Metropolis only).

**IMPORTANT.** — *As the Land is to be valued as on 30th April, 1909, the particulars should be furnished, so far as possible, with reference to the circumstances existing on that date.*

I. Particulars required by the Commissioners, which must be furnished so far as it is in the power of the person making the Return to give them.

(a) Parish or Parishes in which the Land is situated.	
(b) Name of Occupier.	
(c) Christian Name and Surname and full postal address of the person making the Return.	
(d) Nature of Interest of the person making the Return in the Land:— (1) Whether Freehold, Copyhold, or Leasehold.	1
(2) If Copyhold, name of the Manor.	2
(3) If Leasehold, (i) term of lease and date of commencement (including, where the lease contains a covenant for renewal, the period for which the lease may be renewed), and (ii.) name and address of lessor or his successor in title.	3 (i.)  3 (ii.)
(e) Name, and precise situation of the Land.	

(f) Description of the Land, with particulars of the buildings and other structures (if any) thereon, and the purposes for which the property is used.

(House, Stable, Shop, Farm, etc.)

(g) Extent of the Land, if known.

Acres	Roods	Perches	Yards

(h) If the Land is let by the person making the Return, state:—

(i.) Whether let under Lease or Agreement, or

(i.)

(ii.) If there is no Lease or written Agreement, whether let by the Year, Quarter, Month, or Week.

(ii.)

(iii.) If let under Lease or Agreement—

(a) Term for which granted.

(iii.) (a)

(b) Date of commencement of term.

(b)

(c) Whether granted for any consideration in money, paid or to be paid by the Tenant, in addition to the Rent reserved,\* or

(c)

(d) Upon any condition as to the Tenant laying out money in Building, Rebuilding, or Improvements.\*

(d)

(iv.) Amount of Yearly Rent receivable.

(iv.) £

(\* If so, give full particulars.)

(k) Amount of Land Tax (if any) and by whom borne.

£

borne by

(l) Amount of Tithe Rentcharge, or of any payment in lieu of Tithes, for the year 1909, and by whom borne.

£

borne by

(m) Amount of Drainage, or Improvement Rate, or of any similar charge, and by whom borne.

£

borne by

(n) Whether all usual Tenants' Rates and Taxes are borne by the Occupier, and, if not, by whom.

(o) By whom is the cost of Repairs, Insurance, and other expenses necessary to maintain the Property, borne?



I hereby declare that the foregoing particulars are in every respect fully and truly stated to the best of my judgment and belief.

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 191\_\_\_\_\_

\_\_\_\_\_ } Signature of person making the Return.

\_\_\_\_\_ } Rank, Title, or Description.

II. Additional particulars which may be given, if desired.

(u) Value of the Land as defined in Instruction 7, and estimated by the Owner, with particulars how arrived at:—

- |  |          |
|--|----------|
| (i.) Gross Value.                        | (i.) £   |
| (ii.) Full Site Value.                   | (ii.) £  |
| (iii.) Total Value.                      | (iii.) £ |
| (iv.) Assessable Site Value.             | (iv.) £  |
| (v.) Particulars how Values arrived at.* | (v.)     |

(\* May be given on a separate sheet of paper, if desired.)

(v) If the Owner does not desire to furnish his estimate of the Value of the Land, but intends to claim a Site-value deduction under Instruction 7 (iv.), (a), (b), (c), or (d), or under Instruction 9 (i), (a), the intention should be stated. A form will then be sent in due course for particulars of the claim to be given.

(w) Nature, and estimate of the Capital Value of any minerals not comprised in a mining lease and not being worked, which have a value as minerals.

Nature

Capital Value £

Signature

APPENDIX II. — *Form of Claim for Site Value Deductions.*

DUTIES ON LAND VALUES.

FINANCE (1909-10) ACT, 1910

Reference  
to be quoted in all  
communications.

CLAIM FOR SITE VALUE DEDUCTIONS

Particulars to be furnished by an Owner of Land, or person receiving Rent in respect of Land, who desires to claim deductions in arriving at the Assessable Site Value of the Land.

**IMPORTANT.**— *As the Land is to be valued as on 30th April, 1909, the particulars should be furnished as far as possible with reference to the circumstances existing on that date.*

When completed, the claim should be delivered or sent in the accompanying franked envelope to the District Valuer at \_\_\_\_\_

1. Name, description, and precise situation of the Land . . . . .				
2. Extent of the Land, if known . . .	Acres	Roods	Perches	Yards
3. If the particulars given under heads (1) and (2) are not sufficient to identify the Land, (a) Annex a plan of the Land, or, (b) Quote the number or numbers of the Land on the 25 inch Ordnance Survey Map, or, (c) If it is desired to identify the Land on an official plan, the desire should be indicated here				

4. Particulars and amounts of any deductions not specified below which are claimed for the purpose of arriving at the Assessable Site Value.	Particulars	Amounts

## 5. Portion of the Total Value directly attributable to—

## (a) Works Executed:—

Date when Executed	By whom executed and nature of his interest in the Land	Particulars of Works	Amount Expended on Works	Value directly attributable thereto
			£	£

## (b) Expenditure of a capital nature (including Expenses of Advertisement):—

Date of Expenditure	By whom executed and nature of his interest in the Land	Particulars of Expenditure	Amount Expended	Value directly attributable thereto
			£	£

## 6. Portion of the Total Value directly attributable to the Appropriation of any Land or to the Gift of any Land for Streets, Roads, Paths, Squares, Gardens, or other Open Spaces for the use of the public:—

Date	Name of person making the Appropriation or Gift and nature of his interest	Particulars of Appropriation or Gift	Value directly attributable thereto
			£

## 7. Portion of the Total Value directly attributable to—

## (a) Expenditure on Redemption of Land Tax:—

Date of Redemption	Number of Redemption of Contract	Amount of Land Tax redeemed			Amount of Redemption Money	Value directly attributable thereto
		£	s.	d.		
					£	£

## (b) Expenditure on Redemption of any Fixed Charge:—

Date of Redemption	Particulars of Charge redeemed	Amount of Redemption Money	Value directly attributable thereto
		£	£

## (c) Expenditure on Enfranchisement of Copyhold Land or Customary Freeholds:—

Date of Enfranchisement	Cost of Enfranchisement		Value directly attributable thereto
	Particulars	Amount	
		£	£

## (d) Expenditure on effecting the Release of any Covenant or Agreement restricting the use of the Land which may be taken into account in ascertaining the Total Value of the Land:—

Date when Covenant or Agreement entered into	Date of Release of Covenant or Agreement	Particulars of Covenant or Agreement	Amount of Expenditure	Value directly attributable thereto
			£	£

## (e) Goodwill, or any other matter which is personal to the Owner, Occupier, or other person interested for the time being in the Land:—

Particulars	Value directly attributable thereto
	£

8. Sums which it would be necessary to expend in order to divest the Land of Buildings, Timber, Trees, or other things of which it is to be taken to be divested for the purpose of arriving at the Full Site Value from the Gross Value of the Land, and of which it would be necessary to divest the Land for the purpose of realising the Full Site Value:—

Particulars	Amount
	£

## 9. If the Land is Copyhold or Customary Freehold Land:—

- |                                       |  |
|---------------------------------------|--|
| (a) Name of the Manor . . . . .       |  |
| (b) Date of birth of Copyhold Tenant. |  |
| (c) Date of last Admittance. . . . .  |  |



(d) Customs of Manor, viz.:—

Incidents of Tenure	Particulars	When payable	Amount		
			£	s.	d.
Fines . . . . .					
Heriots . . . . .					
Quit Rents . . . . .					

Other Incidents of Tenure, with particulars and amounts of any money payments:—

(e) Estimated cost of Enfranchisement:—

Particulars of items	Estimated Cost
	£
Total Estimated Cost of Enfranchisement . . . . .	

10. *Undeveloped Land Duty.* — Additional particulars of Expenditure (if any) incurred by the Owner of any Land included in any scheme of land development, or by his predecessors in title, with a view to the development of the Land or to its use for any business, trade, or industry other than agriculture, on Roads (including paving, curbing, metalling, and other works in connection with Roads) or Sewers.

Precise Situation of Land included in Scheme of Development*	Area of Land included in Scheme of Land Development				Date of Expenditure	Nature and Particulars of Expenditure	Amount of Expenditure
	Acres	R.	P.	Y.			

I hereby declare that the foregoing particulars are in every respect fully and truly stated to the best of my judgment and belief.

\_\_\_\_\_ } Signature of person making  
the Return.

\_\_\_\_\_ } Rank, Title, or Description

\_\_\_\_\_ } Address.

## APPENDIX III. A. Form of Provisional Valuation.

FINANCE (1909-10) ACT, 1910.

## DUTIES ON LAND VALUES

## PROVISIONAL VALUATION.

The name of the parish and number of the hereditament should be quoted in all communications.

Description of Property				
Situation	County	Parish	No of hereditament	
Name of Occupier				
Extent	Acres	Roods	Perches	Yards

The Commissioners of Inland Revenue have caused to be made the following Provisional Valuation of the land described above:—

ORIGINAL GROSS VALUE . . . £

## DEDUCTIONS FROM GROSS VALUE

(a) To arrive at Full Site Value		(b) To arrive at Total Value			
	£	Fixed Charges	£		£
Difference between Gross Value and Value of the Fee Simple of the Land divested of Buildings, Trees, &c.		Fee Farm Rent, Rent Seck, Quit Rent, Chief Rent, or Rent of Assize		Public Rights of Way or User	
		Other perpetual Rent or Annuity		Right of Common	
		Tithe or Tithe Rent Charge		Easements	
		Burden or charge arising by operation of law, or imposed by Act of Parliament		Restrictions under Covenant or Agreement	
		If Copyhold, Cost of Enfranchisement		Total Deductions	
ORIGINAL FULL SITE VALUE, £			ORIGINAL TOTAL VALUE . . . £		

## DEDUCTIONS FROM TOTAL VALUE TO ARRIVE AT ASSESSABLE SITE VALUE

Deductions from Gross Value to arrive at Full Site Value (as above)	£		£
Works executed		Enfranchisement of Copyholds	
Capital Expenditure		Release of Restrictive Covenants	
Appropriation of Land for streets, roads, open spaces, &c.		Goodwill or personal elements	
Redemption of Land Tax or Fixed Charge		Cost of clearing Site	
		Total Deductions	

ORIGINAL ASSESSABLE SITE VALUE . . . £

Value of Agricultural Land for Agricultural purposes where different from Assessable Site Value . . . . . £

Given under my hand this \_\_\_\_\_ day of \_\_\_\_\_ 191

(Signed) \_\_\_\_\_ } Valuer appointed by the  
Commissioners of Inland Revenue.

FORM 36.

\_\_\_\_\_ District.

*B. Notice of Provisional Valuation.*

FINANCE (1909-10) ACT, 1910

## DUTIES ON LAND VALUES

Reference: to be quoted  
in all communications.

To \_\_\_\_\_

of-

Date

, 191

SIR,

By direction of the Commissioners of Inland Revenue I herewith send you a copy of their provisional valuation of the land mentioned therein, which has been made under the provisions of the Finance (1909-10), Act, 1910.

If the land or any interest in the land has been sold or mortgaged at any time within twenty years before April 30th, 1909, and the Site Value at the date of the sale or mortgage estimated by reference to the amount of the consideration or the amount secured by the Mortgage exceeded the Original Site Value on April 30th, 1909, the Site Value so estimated may be substituted for the Original Site Value for the purpose of Increment Value Duty. If you desire to avail yourself of this provision, full particulars of the sale or mortgage should be furnished without delay\*.

If you consider that the Total or Site Value, as stated in the provisional valuation, is not correct, you may, with a view to an amendment of the provisional valuation, within sixty days of the date on which the copy of the provisional valuation is served, give to the undersigned notice of objection, stating the grounds of your objection and the amendment you desire. If the provisional valuation is amended so as to be satisfactory to all persons making objections, the Total and Site Value as stated in the amended valuation will be adopted as the Original Total and the Original Site Value for the purposes of Part I. of the Act.

The Act provides that if the provisional valuation is not amended by the Commissioners so as to be satisfactory to any objector, that objector may give notice of appeal under the Act with respect to the valuation.

Section 33 enacts as follows:—

“ An appeal shall not lie against a provisional valuation made by the Commissioners of the total or site value of any land except on the part of a person who has made an objection to the provisional valuation in accordance with this Act.”

By Order of the Commissioners of Inland Revenue,

*District Valuer.*

Address \_\_\_\_\_

\* Section 2 of the Revenue Act, 1911, extends this provision to a sale of land or any interest in land which took place twenty years or more before April 30th, 1909 and which was a sale to the person who is the owner of the land or any interest in the land at the time when the application for a substituted Site Value is made.





## 2. — THE FAIR RENT PROVISIONS OF THE IRISH LAND ACTS.

By A. P. MAGILL, *of the Estates Commission, Dublin.*

## INTRODUCTION.

“ As long as a numerous population is cursed with a morbid craving to possess land, so long will the owner of land be able to drive hard bargains in spite of Queen, Lords and Commons.” This sentence of Lord Dufferin (“ Tenure of Land in Ireland,” 1867) states in a few words the Irish Land Question as it existed in the middle of the last century.

Until the close of the 18th. century Ireland was a pastoral country, for which its soil and climate made it eminently suitable. Even in Elizabethan times we find Spenser complaining that “ all men fell to pasturage and none to husbandry.” A considerable change took place, however, towards the end of the 18th. century, due to several causes. In 1783 and 1784 bounties were granted by the Irish Parliament on the exportation of grain, while in 1806 all restrictions on the trade in corn between England and Ireland were swept away. The great rise in the price of corn in Great Britain caused by the Napoleonic Wars, and the growth of the industrial population of England, which led to an increased demand for food stuffs, largely increased the profits to be derived from tillage. The result was a great increase in the amount of land under tillage. The change from pasture to tillage was accompanied by a great extension of the system of subdividing and subletting farms, and the fact that except in the North East there were no manufactures in Ireland, and no market for labour except on the land, strengthened the tendency to subdivision. The possession of a plot of land was an absolute necessity to an Irish peasant ; without it the only alternative to starvation was emigration, and it is not to be wondered at that the ordinary farmer, realising this, strove to meet the situation by dividing his farm amongst his family. The Report of the Devon Commission (1844) gives abundant evidence of this tendency of the Irish farmer to provide for his family by giving each of his sons, and often his sons-in-law, a plot of land, with the natural result that in a generation or two the holdings became so small that it was utterly impossible to support a family out of the produce. It was this that drove the people to rely solely on the potato, with the appalling result of the Famine years. Even

where the tenants held under lease with clauses against subletting, it was found impossible by the landlords to enforce these clauses as no jury would give a verdict in favour of the clauses. A Map attached to the Report of the Devon Commission gives a striking example of this tendency to subdivision. In one generation a holding of 205 acres in possession of two tenants was sublet until it was occupied by 29 tenants whose scattered holdings comprised 422 lots.

It must also be remembered that the introduction of the 40s. franchise and its extension to Roman Catholics acted as a strong inducement to a landlord to allow subletting and the creation of a class of small holders who added considerably to his political importance.

The result of the change was that the population, which was a little over 4 millions in 1792, had risen in 1841 to over 8 millions, and the intense competition for land which naturally resulted from the population being practically doubled in half a century placed the tenants at the landlord's mercy. Leases were the exception and, strange to say, there is evidence that many tenants preferred to hold on a yearly tenancy than to take a lease. "Many witnesses stated that the occupiers have no wish for leases at the present rents... and many... assert that frequently, where proprietors are ready to grant, the occupiers do not manifest any wish to receive them." (1)

On the other hand landlords were reluctant to grant leases for a rather curious reason, as stated in the same Report (2). "The fear of this subdivision and its ruinous consequences appear, from the testimony of many, to be the principal causes preventing the grant of leases, as the power of the landlord to resist them, though always insufficient, is considered to be much diminished where the tenant holds by lease, no matter how stringent the covenants against subdivision may be, it being stated that the difficulty of enforcing the covenants in leases is in general very great."

To complete the dependent position of the Irish tenants, statutes were passed simplifying the procedure for evicting tenants so as "to get rid of every formality by which the old Common Law delayed and obstructed the forfeiture of the tenant's estate." (3) Finally in 1860 by Deasy's Act it was laid down that "the relation of landlord and tenant shall be deemed to be founded on the express or implied contract of the parties and not upon tenure or service." This Act further simplified the procedure for eviction of a tenant for non-payment of rent, and on notice to quit, and enabled the landlord to practically confiscate the tenants' improvements. As a matter of fact, as is generally admitted, nearly all the improvements of land in Ireland have been made by the tenants.

During the period from the Famine to the passing of the Act of 1860 another charge took place in Irish land tenure. The increase in the cost

(1) Digest, Devon Commission Report, p. 235.

(2) Digest, Devon Commission Report, p. 419.

(3) "Short Sketch of the Irish Land Acts," by The Rt. Honble. W. F. Balley, C. B., Estates Commissioner.

of labour owing to the great fall in the population after the Famine, and the introduction of Free Trade, made small farming less profitable than before, and landlords started to clear their estates and consolidate the holdings. This was accentuated by the Incumbered Estates Act of 1849, which gave increased facilities for the sale of such estates, and introduced a new class of Landlords whose only object was to get the best return possible for their money without any regard for the feelings or customs of the tenants, to whom they were frequently entire strangers. The number of holdings from 1 to 5 acres fell from 310,436 in 1841 to 85,469 in 1861, while those above 30 acres increased from 48,625 to 157,833 in the same period.

A series of bad harvests which preceded and followed the Act of 1860 added to the misery of the Irish tenants, and they took the redress of their grievances into their own hands. Agrarian outrages with all their demoralising influence on the people took place every day. Various efforts were made to reform the Irish Land Code, but they were unsuccessful until Mr. Gladstone introduced the Act of 1870, which began a new era in Irish land legislation.

#### § I. THE IRISH LAND ACT OF 1870.

The Act of 1870 legalised the Ulster custom, i. e., the right of the tenant to sell his interest in his holding — in other words to sell his goodwill; it gave the tenant "compensation for the loss sustained by him by reason of quitting his holding," when this was caused by the act of the landlord; and it also gave him compensation for improvements, and enacted that "all improvements... shall until the contrary is proved be deemed to have been made by the tenant or his predecessors," except, inter alia, where such improvements were made 20 years or upwards before the passing of the Act. I may add that it also authorised the Board of Works to advance to a tenant for the purchase of his holding a sum not exceeding two-thirds of the purchase money to be repaid in 35 years by an Annuity of 5 %.

The Act of 1849 facilitating the sale and transfer of incumbered estates, the Act of 1860 altering the relation of landlord and tenant from tenure to contract, and the Act of 1870 were the three attempts of the Liberal Party to deal with the Irish land question since the disastrous days of the Famine. Of these the latter Act is by far the most important. It inaugurated a new era and meant the breakdown of the old tradition of the "laissez faire" school. For the first time it was recognised that the great Whig doctrine of the sacredness of contract was wholly inapplicable to Ireland, where there was no such thing as free contract between landlord and tenant (1). But itself the Act was not a success. The principal reason for this, according to the Report of the Bessborough Commission, which was appointed

(1) "Free-*l*om of contract in the case of the majority of Irish tenants *large and small* does not really ex-*s*t." (Report of Bessborough Commission, 1881).



in 1880 to inquire into the working of the Act, was that it failed to afford tenants adequate security, particularly in protecting them against occasional and unreasonable increases of rent, and the Commissioners state that in some cases in Ulster the process of raising rent had "almost eaten up the tenant right."

## § 2. THE LAND LAW (IRELAND) ACT, 1881.

Irish history is full of strange contradictions, and the next great step in Irish land legislation is an example of this. In 1870 Mr. Gladstone was a strong opponent of the three F's — Fair rent, Fixity of tenure, and Free sale — which the Irish tenants claimed so persistently. "Perpetuity of tenure," he said, "is a phrase that I flatter myself is a little going out of fashion and if I have contributed anything towards disparaging it I am not sorry... I have not heard, I do not know, and I cannot conceive what is to be said for the prospective power to reduce excessive rents." (1)

Again in March, 1880, Mr Gladstone said "there was an absence of crime and outrage in Ireland and a general sense of comfort and satisfaction, such as had been unknown in the previous history of the country." A few months afterwards the country was plunged into the horrors of what practically amounted to an agrarian war. And the next year saw the passing of the Act of 1881, which was to carry out the very ideas denounced by Mr. Gladstone a few years previously. The fact is the necessities of the case were too much for him, and with commendable courage he recognised that the exceptional conditions which prevailed in Ireland required exceptional remedies, and could not be dealt with as if Ireland were merely an English county.

The Act of 1881 was largely based on the recommendations of the Bessborough Commission and gave the tenants the three F's for which they had fought so bitterly. It appointed a tribunal to fix the Fair Rent of each holding, the rent to be revised every fifteen years; it gave the tenant fixity of tenure subject to such fair rent; and it gave him the right of free sale, subject to the landlord's right of pre-emption.

There was no insuperable difficulty in giving the tenant fixity of tenure and the right of free sale. It was principally a question of Parliamentary draughtsmanship, once Parliament had determined to grant these privileges to Irish tenants. But fixity of tenure and free sale without fair rents would have gone but a short way towards settling the Irish problem. The failure of the Act of 1870, which failed because it did not check the landlord's power of raising rents, showed this clearly. The fixing of fair rents, however, presented many difficulties and it is round it that most of the controversy, both at the time of the passing of the Act and subsequently, has raged.

(1) *Hansard's Parliamentary Debates*, Vol. CXCIX, pp. 1843-5.

## § 3. 'THE MEANING OF "FAIR RENT": ITS RELATION TO PRICES.

In the first place the term "fair rent" has never been satisfactorily defined. Up to the passing of the Act of 1881 there were practically three rents in Ireland: (1) the competition rent which the land would fetch in the open market, which, owing to the land hunger in Ireland, was generally an impossible rent for the tenant to pay; (2) the rent which the land could pay if the tenant possessed both capital and a high degree of agricultural skill so as to work the land to the best advantage; and (3) the rent which the average tenant was really able to pay. Competition rent is out of the question. To adopt (2) as the standard of fair rent seems at first sight equitable, but, having regard to the fact that all the improvements on the land were the work of the tenants, and also to the backward state of agriculture in many parts of Ireland, and the want of capital and facilities for transport, its adoption would have pressed upon the tenants with undue severity.

Some of the witnesses before the Devon Commission suggested that rents should fluctuate with the price of corn or be periodically revised according to the changes in the price of produce, an idea which appears to have been taken from the Scotch system of corn rents. From the evidence of Mr. Pierce Mahony and Mr. Robertson it would appear that in many cases in Scotland the tenant was bound to pay as rent the money value of a specified number of bolls or quarters of corn, the rate at which the corn was to be converted into money being in some cases fixed by lease. In other cases the rate of conversion was fixed by what were called the fiars prices of the county. These were really the average prices at which corn was sold in the district, and were ascertained yearly by certain competent persons chosen by the Sheriff of the county. This system may have worked in Scotland, where there has been a high standard of agriculture for a considerable time, where the improvements on the land belong to the landlord, and where the amount which any farm would produce on the average could be fairly well calculated, but the difficulties of applying it to Ireland would be very great. Moreover, although prices, now that statistics on the subject are regularly collected and published by a Government Department, are a most important factor in the valuation of land, any scheme of making rent fluctuate *automatically* with prices neglects two important factors in the question. In the first place a rise in prices may be the result of a bad harvest and may not mean any increased gain to the farmer, and secondly a rise in the cost of labour may sweep away all the advantage of a rise in prices.

One attempt was made before the Act of 1881 to fix the value of land according to the price of agricultural produce. The Valuation Acts contained scales of prices which were to serve as a basis for valuation. Very full and detailed instructions were issued to the valuers by Sir R. Griffiths, who carried out the valuation of Ireland, and he directed them to "value the land on a liberal scale, that is to say, in the same manner as if employed

by one of the principal landlords of the country, who was about to let the land to solvent tenants on leases say of 21 years." In spite of this the valuation was anything but uniform in Ireland, and in many counties was reckoned to be 25% below the fair rent. The Bessborough Report states: "If anything has been clearly established on evidence during this enquiry, the fact that the present Government Valuation is not a trustworthy standard for the settlement of rents has been most thoroughly demonstrated." Of course in a valuation for rating purposes it would not have mattered so much whether land was overvalued or undervalued, provided the one uniform standard was adopted all round, but as a matter of fact the Commissioner of Valuation in 1869 admitted that from 12½ to 25% should be added to the valuation of the Counties in Leinster, Munster and Connaught to bring them up to the level of the valuation in Ulster.

Mr. Gladstone in 1870 delivered a strong attack on the proposal to fix rents according to prices. "Can any man," he asks, "fix by law any system on which it will be possible to adjust rents by calculations founded upon prices of agricultural produce of all kinds" and he goes on to put his finger on the weak spot in all such proposals:—

"What are we to say with regard to the quantity of produce? Suppose the quantity of produce is doubled, is the landlord to receive the same price for the increased quantity or is he not? If he is to receive the same price for the increased quantity, where is the tenant's inducement to increase the quantity? But if the quantity is to remain the same, by what right do you cut off the whole of the landlord's interest in the prospective increase in the quantity of produce?"

It must be understood, of course, that what is here attacked is not the proposal to take agricultural prices into account in fixing the value of land, but the proposal to fix that value by such prices *alone*, without taking any of the other factors in the question into account. Every valuer, when he has ascertained the produce of the land, proceeds to enquire what are the average prices at which that produce has sold in the district, and calculates the value of the produce accordingly, and it is that value, when allowance has been made for cost of production, and the ordinary profits of farming upon the amount of capital or labour invested in the cultivation of the farm, which forms the basis of the valuer's estimate of the fair rent of the holding.

A digression may be made here to say that a rather remarkable attempt was made to proportion rents to agricultural prices in 1887, 1888, and 1889. There was a considerable fall in the agricultural prices in 1886 and an Act was accordingly passed in 1887 providing for the alteration of the fair rents fixed before 1886 in accordance with the change in prices, this alteration to be made during each of the three years above-mentioned. The Land Commissioners in carrying this out took the Poor Law Union as the unit of their investigations, and appointed scrutineers to ascertain the prices of the staple products in each district, and took from the statistics compiled by the Registrar-General the area occupied in each Union by the several products, and ascertained quantities and values accordingly. The Commissioners state "the want of trustworthy local statistics of prices of-

ficially taken and preserved is a matter to be regretted" but apparently, the prices must vary greatly in the different districts as the Return ordered by the House of Lords in 1901 (194 of 1901) shows that the reductions in 1887 on rents fixed in 1881 varied from 8 ½ % in Roscrea and Parsonstown Unions to 22 % in Clifden and Westport Unions. If such variations as this can take place in different districts it will be seen how impossible it would be to devise any scheme of fixing fair rents generally in Ireland in accordance with the average prices obtaining over the whole country, even if there were no other objections to this method of fixing rents.

#### § 4. OTHER FACTORS WHICH HELP TO DETERMINE FAIR RENT.

If we abandon any scheme for fixing fair rents automatically by prices alone, we must endeavour to ascertain what are the factors which determine the rent payable out of any given lands. The Bessborough Commission tried to lay down certain principles on the subject. They state "the computation (of fair rent) should in general start with an estimate first of the gross annual produce, and secondly of the full commercial rent according to the rules observed by the best professional valuers," and then a reduction should be made for the tenant's improvements. This does not get us much further, but the Commissioners made two suggestions of considerable practical value: first that the presumption that the improvements were made by the tenants should not extend to improvements more than 35 years old. Section 4 of the Act of 1870 limited the tenants's right to compensation for improvements to those made within the 20 years preceding the claim for compensation (except as regards permanent buildings and reclamation of waste-land) and as the tenant's right under the Act of 1881 to be exempted from rent in respect of improvements was held to be correlative to his right to compensation under the Act of 1870, we may say that the Act of 1881 to some extent carried out this suggestion of the Bessborough Commission. The second suggestion was that a rent paid at any time within the previous 20 years, and which continued for not less than 10 years to be regularly paid, should be taken as a starting point when the rent was in the opinion of both parties considered fair. This suggestion does not appear to have ever been explicitly adopted, although the fact that a rent has been regularly paid for a number of years must carry considerable weight with the valuer.

If we turn to the Act of 1881 itself to see what it lays down on the subject of fixing fair rents we find it gets over the difficulty by ignoring it. Section 8 (1) is as follows:—"The tenant of any present tenancy to which this Act applies... may... apply to the Court to fix the fair rent... and thereupon the Court, after hearing the parties, and having regard to the interests of the landlord and tenant respectively, and considering all the circumstances of the case, holding, and district, may determine what is such fair rent." There is nothing here to help the valuer, and neither in this nor in any other

of the Land Acts is there even a definition of the term "fair rent." The fair rent clauses of the Act of 1881 apply only to "present tenancies," i. e., tenancies existing at the passing of the Act, and were extended to leaseholds in certain cases by the Acts of 1887 and 1891.

### § 5. HOW FAIR RENTS ARE FIXED UNDER THE ACT OF 1881.

Before we examine what principles, if any, of fixing fair rents have been laid down in practice, let us consider the machinery established by the Act for fixing fair rents.

The Land Commission constituted by the Act consisted of a Judicial Commissioner and two other Commissioners who were authorised to delegate their powers (except as regards appeals) to Sub-Commissions formed by Assistant Commissioners appointed by the Lord Lieutenant. The Sub-Commissions consisted of two or more lay Assistant Commissioners, who were persons with a practical knowledge of land, and a legal Assistant Commissioner, who acted as Chairman. The system of hearing cases was described by Commissioner Bailey, who was Chairman of a Sub-Commission before his appointment as an Estates Commissioner, as follows :

"The system is that the Chairman sits with his lay colleagues in court to hear the cases. When a case is called the tenant gives evidence respecting the various improvements which he or his predecessors have made, and evidence of value generally, examining his witnesses. Then the landlord examines his witnesses, and if he claims any of the improvements he gives evidence accordingly. It was my duty then to decide on the legal effect of that evidence, and how the improvements were to be distributed in the fixing of the rent, and then my lay colleagues proceeded with the business of inspection. I moved on to another district, and the lay commission visited each holding with their note books containing their notes of the evidence and my rulings. They then drew up what is known as the pink schedule setting forth the particulars of the valuation. They met me again when I came back to that district and submitted these schedules to me, and I would go over and examine them to see that the evidence was followed, and that the improvements and other matters were properly dealt with. After a consultation — sometimes on value — we would fix what we considered a fair rent."

Fair rent cases can also be brought in the Civil Bill Court before the County Court Judge, who has a valuer who visits the farm and furnishes the Judge with a report thereon to assist him in coming to a decision on the case. An appeal lies to the Land Commission itself from both the Sub-Commissions and from the County Court Judges.

There were three other courses open to persons seeking to have fair rents fixed besides proceeding in the Court of the Land Commission or in the Civil Bill Court.

1. The landlord and tenant might come to an agreement for a fair rent outside the Court, which rent, when the agreement was filed in Court, would become the judicial rent.

2. The landlord and tenant might have a rent fixed by the award of valuers named by the Land Commission, which rent would be subsequently inserted in a formal agreement and filed as the judicial rent, or

3. They might refer the amount of rent to be paid to the decision of an Arbitration Court consisting of two arbitrators and an umpire in the manner provided for in the Act of 1870 for the purposes of that Act.

There have been only 40 fair rents fixed by arbitration since the Act of 1881, and only 2,242 by the award of valuers, so these two methods of fixing fair rents are really negligible. Over 160,000 first fair rents have been fixed by agreement, but of course these agreements throw no light on the question of the principles involved in fixing fair rents where the parties cannot come to terms. Of those latter cases the vast majority have been fixed by the Land Commission. The following table shows the number of fair rents fixed for a first term from the passing of the Act of 1881 to the 31st. March, 1913 by the various methods mentioned above :

Land Commission . . . . .	198,211 (1)
Civil Bill Court . . . . .	21,597 (1)
Agreement . . . . .	160,268
Arbitrators . . . . .	40

#### § 6. THE ABSENCE OF GENERAL PRINCIPLES OF VALUATION.

The procedure of the Land Commission, which is perhaps the greatest rent fixing body in existence, is therefore of paramount importance in any discussion on the subject of fixing fair rents compulsorily. But the first thing we find when we examine their procedure is that they have never laid down any instructions or any general principles for the guidance of their Sub-Commissioners. Their action or inaction was deliberate, for in the Appendix to their Second Annual Report, replying to an attack made upon them by a Committee of the House of Lords, the Commissioners state they "gave no instructions on this subject to the Assistant Commissioners and to this moment they are absolutely at a loss to conceive what instructions they could legally have given beyond reading to them the terms of the Act of Parliament."

It would have been a very difficult task for the Commissioners to have drawn up instructions for their Assistant Commissioners, especially in view of the fact that the Act itself gave them no assistance on the subject. Moreover Sir R. Griffiths had issued elaborate instructions to his valuers when carrying out the valuation of Ireland, and had utterly failed to secure

(1) These figures include 2,242 fair rents fixed on valuers' reports.

even uniformity of valuation ; but the fact that there were no such instructions to the Assistant Commissioners engaged in fixing fair rents, and that no general principles were laid down for their guidance, certainly exposed the Land Commission to the bitter attack of the Committee to which I have referred, in whose Report the following passage occurs :

“ The combined operation of the functions of the Sub-Commissioners and Commissioners appears to be such that, whereas it was supposed that a tribunal was created for the purpose of dealing judicially with exceptional cases of excessive rent, there has been set in motion a process of valuation of rent for the whole of Ireland and of compulsory letting at that valuation, in which the work of valuation is done by two Sub-Commissioners without any professional or technical qualification ; without any principle, standard, or rule, for their guidance ; with no obligation to explain the grounds of their decisions, and with an appeal that is little better than illusory.”

This indictment is so sweeping that it defeats itself, but the absence of any principle of valuation has made each valuer a law unto himself, and landlords and tenants have never been able to ascertain clearly on what principles fair rents have been fixed, with the result that both parties have felt aggrieved.

In his evidence before the Congestion Commission (Q. 16383) Commissioner Bailey states :

“ I have always thought that if the Act of 1881 had been operated in a more satisfactory way, one that did not leave such dissatisfaction and complication — every few years you had a new amending Act — it probably would have solved the Irish land question.”

The Commissioners did, however, require the Assistant Commissioners to fill up a schedule for each holding, after inspection, showing the acreage of the different classes of pasture and tillage lands on the holding, the amount allowed to tenant and landlord for improvements, the amount added for proximity to markets and railways, or deducted for remote position as the case might be ; and also stating whether the holding was used in the manner best suited to its productive power, and whether the soil showed traces of improvement or deterioration. This schedule was amplified on several occasions until it was incorporated in the Act of 1896. Section 1, Sub-section 1, of that Act (1) lays down that the Court in fixing a fair rent is to ascertain and record certain particulars in the form of a schedule, a copy of which on application is to be sent to each party. This schedule (a copy of which will be found at page 128) is generally known as the Pink Schedule from the colour of the form on which it is printed, and since its introduction, if the principles of valuation are still undetermined, the parties have at least full information as to the particulars on which the fair rent is based. Chief Baron Palles' comment on this Section is as follows :

“ The intention of the Legislature was that the Court should, before it determines and as incidental to determining the amount of the fair rent, ascertain the various particulars mentioned in Clauses (a) to (f) of the Sub-

(1) See page 128 for copy of this subsection.

section; and that the fair rent of the holding should be ascertained having regard to such particulars, which are essential ingredients in and the basis of the ascertainment of the fair rent."

There are several ways in which the absence of any general principles of valuation has had far-reaching results in Ireland. In the first place the Fair Rent Acts only apply to agricultural holdings. But there are a great number of miserably small holdings, particularly in the West of Ireland, which are not agricultural holdings in the true sense at all. The tenants of these holdings do not depend upon them solely for their means of support, but earn a large part of their livelihood by pursuits other than agriculture. Some are migratory labourers, others are fishermen, and their small holdings are really only sites for dwellings. Yet these patches of wretched land are valued for fair rents as if they formed part of an economic holding, and when Commissioner Bailey was asked whether this system of valuation was prescribed by a rule of the Land Commission, he explained that there were no rules for the guidance of valuers, but that this system was a common practice amongst all valuers. Whether it would have been wise to interpret the Fair Rent Acts strictly, and to have excluded these miserable holdings from the benefits of the Acts, is a point which need not be discussed here, but a question of such vital importance as this is not one to be left to the unaided discretion of valuers.

Again the percentage on the cost of improvements to be allowed to either landlord or tenant is not fixed, but varies with the idiosyncracies of the valuers, so that there is no uniformity in dealing with one of the most difficult points in the whole process of fixing fair rents in Ireland.

On the general question of the principle of valuation under the Land Commission one cannot do better than quote Commissioner Bailey's summary of the matter in a Memorandum handed in by him to the Royal Commission on Congestion.

"The Land Commission, which was established in 1881, has never laid down any principles of valuation. It is probably the most important organisation for land valuation in existence, and yet it has added little to the knowledge of the principles of valuation by the judgment of its members, by its rules, or its instructions. This is mainly due to the fact that the Land Commissioners have never regarded themselves as bound to consider valuation as a science. They have always looked on their functions as those of judges, whose duties it is to decide cases on the evidence of outside valuers and the reports of their own inspectors. But they give no guidance as to the principles on which these valuations should be made, and the result is that each valuer and inspector is left to develop his own principles. For example, one valuer will allow the maker of improvements five per cent. on the estimated cost of the improvements all round, while another will allow five per cent. on one class of improvements and three per cent. on others according to their estimated durability. Another, again, will allow four per cent. on the cost of houses, while his neighbouring colleague will give only  $2\frac{1}{2}$  per cent., and so on. All these and similar matters should, in my opinion, have been carefully considered by the Commissioners and princi-



ples laid down that would have secured uniformity and certainty. The heads of the Land Commission have in the past usually repudiated the imputation of knowing anything about valuation or the principles on which it is based, and have refused in their judgements to give any guidance on the subject to their officials or the public. They have taken up the position that it is for the valuers to discover their own principles and that the duty of the Court is to weigh evidence and decide accordingly. The objections to this method are plain to anyone who has an intimate knowledge of valuations as presented in the Irish Land Courts."

### § 7. REDUCTIONS IN RENT EFFECTED.

If we turn now to see what actual reductions in rent have been effected by the Fair Rent Acts we find the figures are as follows: —

#### *First Term Rents fixed for yearly tenancies.*

How fixed	No.	Former Rent	Judicial Rent	Percentage of Reduction.
By Land Commission. . . . .	169,524	£3,109,712	£2,447,090	21.3
» Civil Bill Courts . . . . .	19,122	£309,707	£236,547	23.6
» Agreements filed in Land Commission . . . . .	152,837	£2,467,029	£2,033,089	13.1
» Agreements filed in Civil Bill Courts . . . . .	7,431	£126,666	£105,025	17.1

The difference between the reductions in contested cases (those heard by the Land Commission and Civil Bill Courts) and those in which the parties came to an agreement is considerable, but of course the very fact that the parties came to an agreement is *prima facie* proof that the former rent was not so excessive as to require a large reduction to bring it to the level of a fair rent.

It would be a very difficult, if not impossible, task to trace any exact relation between the prices of agricultural produce, and the amounts at which fair rents have been fixed. The following table shows the prices of the principal agricultural products during periods of five years each, and the reductions which the fair rents fixed during the periods corresponding as nearly as possible represent when compared with the rents before they were judicially fixed. The figures as to prices are taken from a Parliamentary Return prepared by the Department of Agriculture for Ireland in the present year (510 of 1913).

TABLE I. — Comparison of Prices and Reductions in Rents.

	Prices of agricultural products												Return of percentage of reduction in fair rents						
	Wheat		Oats		Barley		Flax		Butter		Beef		Mutton		Pork		Period	1st. Term	2nd. Term
	s	d	s	d	s	d	s	d	s	d	s	d	s	d	s	d			
Prices in Schedule to Valuation Act of 1826. . . . .	10	0	6	0	7	0	—	—	69	0	33	0	34	6	25	6	—	—	—
Do., Valuation Act of 1852 . . . . .	7	6	4	10	5	6	49	0	65	4	35	6	41	0	32	0	—	—	—
Average prices during years 1882-6 inclusive . . . . .	7	3	5	8 <sup>3</sup> / <sub>4</sub>	6	9 <sup>1</sup> / <sub>4</sub>	50	6	96	4	60	9	69	8	46	8 <sup>1</sup> / <sub>2</sub>	August 1881 to August 1886	81.2	—
Do., 1887-1891 . . . . .	6	9	5	8 <sup>3</sup> / <sub>4</sub>	6	7 <sup>1</sup> / <sub>2</sub>	46	6	93	4	54	3	62	3	41	3	August 1886 to August 1891	24.0	—
Do., 1892-1896 . . . . .	6	1 <sup>1</sup> / <sub>2</sub>	5	9	6	9 <sup>1</sup> / <sub>2</sub>	51	4	93	10	52	10	60	2	43	2 <sup>1</sup> / <sub>2</sub>	August 1891 to March 1897	22.7	—
Do., 1897-1901 . . . . .	6	6 <sup>1</sup> / <sub>4</sub>	5	4 <sup>1</sup> / <sub>2</sub>	6	10	50	0	93	4	54	3	60	8	42	11 <sup>3</sup> / <sub>4</sub>	March 1897 to March 1902	20.2	21.7
Do., 1902-1906 . . . . .	6	6 <sup>1</sup> / <sub>2</sub>	5	8 <sup>1</sup> / <sub>2</sub>	7	1 <sup>1</sup> / <sub>2</sub>	53	2	96	2	55	1	65	4	47	5 <sup>3</sup> / <sub>4</sub>	March 1902 to March 1907	16.8	16.5
Do., 1907-1911 . . . . .	7	7 <sup>1</sup> / <sub>2</sub>	5	11 <sup>1</sup> / <sub>4</sub>	7	2	60	6	103	0	57	7	62	9	52	11	March 1907 to March 1912	21.9	18.5

On examining this table we can see that the rate of reduction has in some cases followed (inversely, of course) the rise and fall of prices. The fall in the prices of wheat, beef and mutton in the period 1887-91 as compared with the previous five years is marked by an increase in the rate of reduction of first term rents from 18.2 % to 24 %. The variations in prices during the next two quinquennial periods hardly seem by themselves sufficient to justify the drop in the rate of reduction from 24 % to 22.7 % in the first and to 20.2 % in the second of these periods. The next period 1902-6 is marked by an all-round increase in prices, and the rate of reduction in rents falls from 20.2 % to 16.8 %, but then the further rise in all products save mutton during the period 1907-11 did not, as would naturally be expected, bring about a further drop in the rate of reduction. On the contrary the rate of reduction in the case of first term rents springs up by over 5 %. The explanation of this is partly the increase in the cost of labour during that period, and partly that tenants who waited for 26 years before coming into Court to have a fair rent fixed were evidently not suffering from rack rents. Moreover the figures as to fair rents since 1903 are misleading, as a number of fair rents were fixed after the passing of the Purchase Act of 1903, which probably would have never been fixed but for the zonal clauses of that Act, which only apply to judicial rents. Landlords who were anxious to sell their estates, and to take advantage of these clauses, arranged to have fair rents fixed on their tenants' holding, either by agreement or by the Land Commission, and as the sale of the estate was the landlord's real object, he often raised no objection to a reduction of rent which he would have fought against had his intention been to continue receiving rent from the tenants for any length of time.

This table shows how difficult it would be to trace the analogy between prices and rents without knowing all the factors which enter into the problem. But it must not be imagined therefore that prices can be neglected in the process of fixing fair rents. As already stated they are a most important factor in the question. In practice an Assistant Commissioner who values a holding for fair rent purposes makes several distinct investigations. In the first place he examines the actual constituents and character of the soil, and deduces therefrom what the produce might be under the most favourable circumstances. Secondly he estimates what, having regard to the state of cultivation and the capital sunk in the holding, the produce actually is. Thirdly he has to calculate the value of that produce. To do so he must have full information as to the prices which the various products have obtained in that particular district, and he has further to consider to the best of his ability whether those prices are likely to remain constant during the 15 years which must elapse before the next revision of the rent can take place. To make such a forecast with any reasonable prospect of accuracy requires a careful enquiry into the prices which have been obtained for a number of past years, and into the causes of their variations — whether they are merely of a temporary nature, or of such a permanent character as to be likely to affect prices in the future. Fourthly the valuer must take the cost of labour into consideration, and this is perhaps

the factor which makes it most difficult to base any conclusions as to fair rents on agricultural prices only. The farmers of Ireland have profited during the past few years both by good harvests and by a rise in prices, but portion of their increased profits have been swept away by the increase in the cost of labour which has taken place during the same years. Lastly the valuer must consider the question of improvements and of depreciation—how much of the produce is due to the landlord's or tenant's improvements, what return he will allow to the tenant for the capital and labour which he has sunk in the farm, and whether the tenant has wilfully allowed the land to depreciate before the arrival of the period for fixing a rent on the holding.

### § 8. "FAIR RENTS" AS THE BASIS OF LAND PURCHASE.

The question of the principles involved in fixing fair rents has by this lost some of its importance. In the first place fair rents for a first term have now been fixed on the vast majority of holdings in Ireland. Up to the 31st. March last 455,000 applications to have fair rents fixed had been disposed of. The total number of agricultural holdings in Ireland according to the Census of 1911 was 535,675 and taking into account the fact that the fair rent clauses of the Act of 1881 do not apply to town parks, home farms, demesnes, and pasture lands of over £50 valuation (increased to £100 by the Act of 1896) it may be said that a fair rent has been fixed on practically every holding in Ireland coming within the Act of 1881.

Moreover, it was only natural that landlords who were reduced by the Fair Rent Acts to the position of mere pensioners and rent-chargers on their estates should be anxious to sell their lands outright. They had lost their interest in the land and from their point of view it would be much better to divest themselves of the very limited ownership which remained to them, and to realise the value of their estates in cash or stock which at all events would be their own to dispose of as they wished. The tenants on the other hand were equally anxious to buy out the landlords and to put an end to the disturbance and uncertainty caused by the revision of fair rents every fifteen years. In fact both parties were dissatisfied with the restrictions on the full ownership of their property, and each wished to have that property in a shape which would enable them to do as they liked with their own, to quote a phrase in common use in Ireland. The State by pledging its credit enabled the transaction to be carried out on terms which were to the advantage of both parties, and the result is that the purchase of their holdings by the tenants from the landlords has progressed at such a rate as to diminish by two-thirds the area which can be affected by the Fair Rent Acts in the future. Lands to the value of over £120,000,000 have been sold, or are the subject of proceedings for sale under the Land Purchase Acts, and it is estimated that the balance, in respect of which proceedings for sale under these Acts have not been instituted, amounts to about £60,000,000.

We may therefore say that two-thirds of the agricultural land in Ireland has been or is being purchased by the occupying tenants, and thereby removed from the operation of the Fair Rent Acts. But the tenants of the holdings comprised in the remaining third will certainly make application to have their rents revised for a second or third term as the case may be, and the result of these applications will be of considerable importance in Land Purchase.

Under the Act of 1903 where a judicial tenant, i. e., a tenant on whose holding a fair rent has been fixed, enters into an agreement with his landlord to purchase his holding at a price coming within certain limits, generally known as the Zones, the holding is deemed to be security for the price agreed on, and the Estates Commissioners, unless they reject the whole estate, are practically bound to advance such price. The result is that sales between landlords and tenants are nearly always arranged on the basis of so many years purchase of the fair rents. The revised fair rents which may be fixed on the one-third of Ireland which has not yet been purchased by the tenants, will therefore be of the greatest importance in determining whether these lands will be sold under the voluntary provisions of the Land Purchase Acts, or whether compulsion will be necessary. It is to be hoped that compulsion, with the bitterness which it leaves behind, will only be required in exceptional cases and that the transfer by the landlords of their property to the tenants will in the future, as in the past, be effected with but little friction or loss of mutual good-will.

#### CONCLUSION.

Many severe criticisms have, as pointed out, been passed on the administration of the Fair Rent Acts, but in view of the stupendous difficulty of the Land Commissioners' task, they may be given the greatest credit for the success with which they administered those Acts. Ireland was not a new country where one could frame a policy unhampered by ancient traditions. She was an old country, inhabited by the most conservative people on the globe, who clung to old customs, and who had still the feudal instincts of their ancestors; a people imbued with the memories of "old, unhappy, far-off things," and intensely suspicious of any innovations. There had been no revolution in Ireland, as in France, to sweep away at one blow the privileges and the property of the landed classes, but there had been a revolution at the time of the Famine and in the years which succeeded it, which had impoverished both landlords and tenants, and had destroyed to some extent the old feudal attachment between them.

It was in this atmosphere of discontent and suspicion that the Land Commission commenced their labours, and if neither landlords nor tenants were satisfied until the Fair Rent Acts were supplemented by the Land Purchase Acts we may safely say that it was the former which made the latter possible. Land Purchase has been based on fair rents, and the pol-

icy inaugurated by the Act of 1881 has in some 30 years changed the whole face of Ireland. The "magic of property" has once more asserted itself, and the marvellous development of the prosperity of the community, the increased comfort of the tenants generally, and above all the growth in self-respect and independence of the Irish farmer, form a more than adequate defence of those who framed the Irish Land Code since 1881 and of those who administered it.

APPENDIX I. — *Land Law (Ireland) Act, 1896, Section 1, Subsection 1.*

1. (1) Where the Court fix a fair rent (a) for a holding, the Court shall ascertain and record in the form of a schedule, unless both landlord and tenant shall otherwise request —

(a) the annual sum which should be the fair rent of the holding on the assumption that all improvements thereon were made or acquired by the landlord ;

(b) the condition as to cultivation, deterioration, or otherwise of the holding and the buildings thereon ;

(c) the improvements made wholly or partly by the tenant or at his cost, and with respect to each such improvement —

(i) the nature, character, and present capital value thereof, and the increased letting value due thereto ;

(ii) the date (so near as can be ascertained) at which the same was made ; and

(iii) the deduction from the rent made on account thereof ;

(d) the extent (if any) to which the landlord has paid or compensated the tenant in respect of each such improvement ;

(e) the improvements made wholly or partly by or at the cost of, or acquired by, the landlord ;

(f) such other matters in relation to the holding as may have been taken into account in fixing the fair rent thereof, or as may be prescribed ; and

(g) the fair rent of the holding.

and the said schedule shall be in the form set out in the First Schedule to this Act, or in such other form as may be prescribed, and a certified copy of the record shall on the prescribed application be sent by post to each party, and the record shall be admissible in evidence on its mere production from the proper custody.

APPENDIX II. — *The "Pink" Schedule.*

Form No. 39.

SCHEDULE referred to in the order  
of even date herewith fixing a fair rent.

Holding in Rural District of . . . . .
--

LAND LAW (IRELAND) ACT, 1896.

*Particulars of Holding ascertained and recorded pursuant to Section I,  
of the above Act, and Section 55  
of the Local Government (Ireland) Act, 1898.*

County . . . . . Record No. . . . . Landlord . . . . .  
No. of Ordnance Sheet . . . . . Tenant . . . . .  
Date upon which holding inspected . . . . day of . . . . 191 . .

Who attended inspection {  
on behalf of Landlord? }

Who attended on behalf {  
of Tenant? }

1. Give a concise description of the holding and the buildings thereon, stating particulars of aspect, elevation, water supply, situation as to markets, railways, and county roads, etc. Also state how the holding is used, *i. e.*, as a tillage farm or as a mixed farm or as a grazing or dairy farm; if mainly a grazing or dairy farm state carrying power.

2. Is the holding suitably used? What is the present condition of the holding as to cultivation, and of the holding and the buildings thereon, as to deterioration or otherwise? If there is deterioration, state how it is shown and has apparently been caused, and give like particulars as to any improved condition.

3. Particulars of Tenement Valuation, Rates, etc.:

A. (1) Tenement Valuation of Agricultural Land in Holding . . . . . £  
(2) Tenement Valuation of Non-agricultural Hereditaments in Holding. £  
Total Tenement Valuation . . . . . £

B. Standard Amount under Local Government (Ireland) Act, 1898,  
Section 54, for:  
(1) County Cess upon Agricultural Land in Holding . . . . . £  
(2) Poor Rate upon Agricultural Land in Holding . . . . . £  
(3) County Cess and Poor Rate upon Non-agricultural Hereditaments  
in Holding . . . . . £  
Total Standard Amount of Rates on Holding . . . . . £

The Benefit to the tenant from the Agricultural Grant is half the above stated amount of the County Cess upon Agricultural Land, and the Benefit to the Landlord from said Grant is half the above stated amount of Poor Rate upon Agricultural Land.

4. If the tenancy has been purchased since the passing of the Landlord and Tenant (Ireland) Act, 1870, give the date of each sale and amount of purchase money.







# RUSSIA.

## GENERAL OUTLINE OF THE NEW RUSSIAN LAND REFORMS.

(Continued) (1).

### § 3. READJUSTMENT OF NADIEL LAND AS SINGLE HOLDINGS.

Our readers know from what we have said in the first part of this article, that when the land commissions began working in accordance with the provisions of the law mentioned in it, in Russia properly so called people were almost ignorant in respect to the measures to be taken on the large scale required for the scientific redistribution of the land in single separate holdings for each peasant family. The position was better, in this respect, in Poland (General Government of Warsaw) and better still in the Baltic Provinces, where the peasants, for well known historical and ethical reasons (North German influence), already for the most part possessed holdings well rounded off (2).

The newly instituted land commissions then, at the beginning of the reforms, found they had virgin soil to work on, but the fact that in certain localities undertakings of this kind were already understood among the population had, undoubtedly, a certain moral importance, especially as it was bound to contribute to extinguish the peasants' distrust of the innovation (3) to be carried out. Otherwise, this distrust might easily have assumed fantastic proportions, as was the case in the Eastern Governments, where

(1) See the first part of this article in the *Bulletin of Economic and Social Intelligence*, November, 1913, pp. 119-134.

(2) A. A. KOEFOED gives in his often quoted work (1905), "*Einzel-siedlungen auf dem Nadiel-lande*" (Peasant Holdings on Nadiel Land), two good maps showing the areas readjusted in Poland, in the Baltic Provinces and in Russia.

(3) See ORDINSKY: *Etat des réformes agricoles* in the *Sidskoé Khoziaïstvo*, St. Petersburg, 1911. This hostile attitude towards all that is unknown seems inborn in all peasants, as it was in the natural man. It is enough to remember that the best known Danish economist of the 18th-century speaking of similar proposed land reforms in Denmark, wrote "that it would be easier to induce the peasants to change their religion than to make them adopt a new system of cultivating potatoes."

the peasants believed that the surveyors and agricultural engineers travelling through the country were Government commissioners charged to take the peasants' land and give it to France, as France had assisted Russia in the war with Japan. On the other hand, it sufficed for two rural communes of a district of more or less area to adopt the new reform for the interest of the adjacent communes to be at once awakened, and for thousands on thousands of applications for readjustment to flow in from the districts and provinces to the land commissions.

To encourage the movement in favour of reform, the land commissions made very adroit use, especially at first, of the intervention of the Peasants' Land Bank, the powers of which had been increased for the purpose: the Bank had been granted power to buy landed estates for its own account and sell them again to the peasants in lots. Previously, sales of this kind were generally made before division to communities (peasants' associations or rural communes), which themselves undertook to divide the land among their members, according to the system described at the end of the preceding part of this article. By the new arrangement, the Bank, on the other hand, sold the land, as far as possible in single lots to individual peasants, whose farms gradually became models for their neighbours in the various Governments. The advantages of the new system of distribution were so evident, even to the most ignorant peasant, that the example was soon followed and a large number of rural communes decided to urge the land commissions to readjust their farms and improve the system of farming the nadial land.

Thus, this "propaganda in action" of the Peasants' Bank facilitated the accomplishment of their mission for the land commissions: it started a new current, which could not but extend by mere force of circumstances, and which nothing could arrest. And in fact we see that applications for readjustment came in the early years in greatest number precisely from peasants in the Governments where the population had already a certain notion of the work to be accomplished by the projected reform, namely, the Governments of Vitebsk, Mohilev and Kovno, as well as various Governments of Little and South West Russia, such as Volhynia, Kiev, Voronetz and Kharkov.

In order that the reader may have a general idea of what has been accomplished up to the present, we reproduce a table showing the progress of the work of readjustment carried out by the Land Commissions, from the date of their institution up to 1912.

TABLE IV. — *Summary Results of the Work of Readjustment in Russia, 1907-1912.*

Year	Readjustment Being Carried Out			Readjustment Completed		
	Number of		Area in Deciatines	Number of		Area in Deciatines
	Communes	Households		Communes	Households	
1907 . . . . .	1,344	51,984	616,330	845	27,449	827,683
1908 . . . . .	3,266	119,861	1,105,684	2,573	94,087	863,787
1909 . . . . .	9,143	329,392	3,004,650	6,704	274,830	2,567,412
1910 . . . . .	12,188	419,044	3,936,296	9,595	376,162	2,447,247
1911 . . . . .	11,034	407,041	3,739,965	10,664	379,766	3,609,796
Total . . . . .	36,875	1,327,322	12,402,925	30,431	1,170,299	10,775,975

Thus the work completed in the course of the first five years affected an area of more than 10,750,000 deciatines, or about 12,000,000 ha., that is to say an area equal to about two thirds of the total cultivated area of Prussia or half that of the cultivated area Italy.

The land commissions received in all, in the first five years they were working, 2,653,202 applications for partial or total readjustment from 90,690 rural communes. Of these 1,338,682 from 20,659 communes were for the readjustment of entire communes or parts of communes (villages), in order to get rid of enclaves or the intermingling of peasants' and other proprietors' land; 1,314,520 applications received from 70,031 rural communes were for the rounding off of *nadiel holdings* belonging to individual peasants. In Russia the first system is habitually called "group work" or "collective farm readjustment", whilst the rounding off of individual peasants' farms is termed "individual work" or "individual farm readjustment".

We shall now consider more closely the work done in each of these two chief groups:

(a) *Union and division of Nadiel holdings*, while maintaining the collective system of farming (*collective farm readjustment*).

This work, in the above mentioned period (1907-12), was generally limited to getting rid of enclaves and to the subdivision of more or less considerable communes: a portion of the land built on belonging to the village of the original commune was alienated and groups of buildings erected in the neighbourhood; in this way the distance between the land fit for cultivation and the peasant's house was reduced and the working of the farm facilitated.

The following table shows the increase of the area on which this work was carried out during the five years 1905-II.

TABLE V. — *Collective Readjustment carried out by the Land Commissions.*

Year	In Course of Preparation			Work Carried Out			Approved by the Peasants		
	Number of		Area in <i>Déciatines</i>	Number of		Area in <i>Déciatines</i>	Number of		Area in <i>Déciatines</i>
	<i>Communes</i>	Peasants' House- holds		<i>Communes</i>	Peasants' House- holds		<i>Communes</i>	Peasants' House- holds	
1907. . .	349	30,985	343,923	238	13,361	132,212	138	6,372	59,892
1908. . .	936	54,947	467,780	687	38,169	289,407	421	20,016	151,985
1909. . .	2,184	158,696	1,318,763	1,773	134,544	1,131,005	1,396	93,771	691,504
1910. . .	3,256	201,278	1,681,535	2,394	178,779	1,469,330	1,734	121,408	912,616
1911. . .	2,906	186,661	1,443,892	2,830	176,830	1,357,520	2,275	126,055	992,872
1912. . .	—	—	—	—	223,518	1,848,298	(1)	(1)	(1)
Total.	—	—	—	—	—	—	—	—	—

(1) According to the new law of May 29th., 1911, it is for the Senate to give final approval; that is why the above headings are not found in later statistical tables.

The above return shows that the work of farm readjustment of this class in course of execution already at the end of the sixth year affected 6,000,000 hectares and the work completed 5,000,000 hectares, or 50,000 sq. kms., that is an area equal to that farmed in the whole of Bavaria.

As has been said, this work was for the most part undertaken to get rid of enclaves or other inconveniences in the distribution of farms between rural communes, and it had necessarily to precede the readjustment to be made within the commune (for the various peasants' households forming part of it). The specification of the work as given in the following table shows that it was really in this way the farm readjustment was regarded.

TABLE VI. — *Specification of the Work of Collective Readjustment Carried out in 1907-1911.*

Class of Work of Readjustment Carried out	In Course of Preparation			Work Carried out			Approved by the Peasants		
	Number of		Area	Number of		Area	Number of		Area
	Communes	Peasants' House-holds	Déciatines	Communes	Peasants' House-holds	Déciatines	Communes	Peasants' House-holds	Déciatines
1. Division of land held in common among villages and parts of villages . . . . .	7,836	532,544	4,815,738	6,963	458,048	4,021,869	4,681	297,189	2,528,424
2. Readjustment for the separation of holdings for individual peasants from the nadiel land.	474	10,136	118,624	341	97,560	97,560	395	7,139	85,270
3. New distribution of land with a view to the more scientific cultivation of nadiel land and other holdings . . . . .	59	3,503	32,424	35	2,731	22,033	31	2,471	20,445
4. Separation of nadiel land from other land intermingled with it. . . . .	883	60,868	225,113	767	52,464	185,319	625	42,067	126,673
5. Division of collective land among peasants and other land holders . . . . .	379	25,516	63,690	301	20,179	52,702	262	18,756	48,057
Total for the various classes of work . . . .	9,631	632,567	5,255,593	7,927	541,683	4,379,474	5,994	367,622	2,768,869

We see from this table that while the total work of readjustment carried out affected 541,683 households possessing 4,379,474 deciatines (48,000 sq. km.), the division of the whole nadiel land of communes into villages or fractions of villages (1) affected not less than 458,048 households, possessing 4,021,869 deciatines (in round numbers, 44,000 square km.) and the other classes of work only affected 358,000 deciatines (about 4,000 sq. km.). Among the latter undertakings the most important referred to the elimination of enclaves existing between the peasants' nadiel holdings and the farms of other land holders, and the suppression of the common enjoyment of certain holdings by the peasants and other land holders (abrogation of rights of collective enjoyment etc). On the other hand, the results of the work included under the 3rd. heading, New Distribution of *Nadiel* Land with a view, for example, to facilitating for the peasants the passage to the system of triennial rotation of crops, in practice proved unsatisfactory and the work was stopped by the new law of May 29th., 1911.

The work of collective land organization may be considered as readjustment outside of the nadiel, as the respective farms of the peasants must, almost without exception, undergo a new inside readjustment to get rid of the intermingling of the lots of the various individual proprietors (2).

It also appears from the above that in view of the extremely large area of Russian land under consideration, about 1,000,000 sq. kms., a really prodigious amount of power, rapidity and thrift will be necessary for the solution of the various problems under consideration in the course of this century. K. A. Wieth Knudsen, therefore, in no way exaggerated in saying in 1907, in his study of the *Increase of Population and Progress*, that the "Russian reforms in relation to the peasants will require at least a century for their completion."

(b) *Readjustment and division of nadiel holdings among the various individual members of the rural commune* (individual farm readjustment).

This class of work of farm readjustment, of which we have already shown one of the general characteristics, in its turn, falls into three groups. The first includes the readjustment of all the nadiel land forming the common property of a village (*mir*), at the same time providing for the new lots to become the individual property of the various peasants.

The second group affects those rural communes, the land of which is already possessed individually, but too much split up, for the excessive subdivision of land into scattered lots already spoken of in § 3 was met with in communes in which the land was divided among individual proprietors as well as in communes in which collective farming was maintained.

(1) This specially concerns the very numerous rural communes, which, at the date of the abolition of serfdom, in 1861, received as a single undivided holding all the land belonging to all the villages of which they were composed. (They were called "single plot villages").

(2) These terms correspond with those adopted in the official German translation of the Report of MM. Stolypine and Krivosheine, "La Colonisation de la Sibérie", pp. 75 and 77.

Finally, in the last group, is included readjustment of nadiel holdings to be carried out in favour of the peasants of this or that rural commune.

As the figures in the following table show, in 1907-08, all these groups assumed a greater importance than could have been foreseen, when the tenacious vitality of the *mir* and the conservative spirit of the Russian peasant are considered.

TABLE VII. — *Individual Farm Readjustment carried out by the Land Commissions.*

Year	In Course of Preparation			Carried Out			Approved by the Peasants		
	Number of		Area in Deciastines	Number of		Area in Deciastines	Number of		Area in Deciastines
	Communes	House-holds		Communes	House-holds		Communes	House-holds	
1907 . .	895	20,990	272,707	657	14,088	155,471	562	8,241	88,942
1908 . .	2,330	64,914	637,904	1,886	55,918	574,380	1,528	42,110	436,522
1909 . .	6,959	170,646	1,685,887	4,931	140,286	1,436,407	4,150	118,529	1,222,444
1910 . .	8,932	217,766	2,254,761	7,196	197,383	1,977,967	5,819	150,268	1,459,389
1911 . .	8,128	220,380	2,296,073	7,834	220,936	2,252,276	7,106	204,260	2,050,873
1912 . .	—	—	—	—	234,816	2,340,244	(1)	(1)	(1)

(1) See note on page 135.

As appears from this table, the work of individual farm readjustment carried out in the last six years affected 7,000,000 deciastines, or more than 70,000 sq. kms., an area three times that of all the cultivated land of Denmark, where similar work required a whole generation for its completion.

But to appreciate at its just value this powerful movement of agricultural reform as well as its consequences, we must consider more nearly the methods of procedure adopted by the land commissions in their work of readjustment and allotment.

The applications of the peasants for the execution of the work must be addressed to the local commission of the district. In the course of the period under consideration (1907-12), applications of the kind were received from 100,000 rural communes, including 1,500,000 peasants' households (representing an agricultural population of about 8,000,000 souls).

The local commission entrusts the matter to one of its members, or to a surveyor who goes to the village to study the situation in all its features on the spot. This confidential agent of the commission must especially study the most scientific method of farm readjustment from



the point of view of agricultural technique and of the requirements of the particular farm. The application is then referred to the local commission together with the report of the surveyor. The local commission decides whether the business shall be proceeded with or refuses the application if it is not in conformity with the law or if there is not sufficient justification for it; the commission may also order a supplementary enquiry; or, finally, when every thing has been decided, it may forward all the papers to the provincial commission for its approval. This commission gives order in the second instance, and returns the papers approved to the local commission, unless there are technical or legal objections. It is only then that the readjustment applied for may be entered in the list of the works to be carried out. The members of the local commissions amongst whom the work is divided are assisted by a large technical staff of surveyors, scientific agriculturists, and hydraulic engineers. The peasants themselves are obliged by the law to assist the technical agents of the land commissions in their survey work etc.

These surveys and the readjustment are carried out as follows: first of all, the limits of the area of the farms to be readjusted are defined as well as the area of the lots each of the members of the rural commune shall receive. The area to be allotted to each family of peasants is calculated in accordance with the general principles already set forth (generally according to the number of working men), without it being necessary to proceed to the surveying of thousands and thousands of parcels in order to establish an effective redistribution of the land. This summary procedure being in accordance with the customs of the Russian peasants and the historic development of the distribution of peasants' lands in Russia and considered by the peasants as the most equitable, naturally simplifies much of the work of the land commissions. It is well in this connection and for a special purpose, to observe the comparative ease with which compensation is given in the division of holdings for the difference in *quality of the soil*, to which may be attributed the surprising rapidity with which the work of readjustment has been carried out in Russia. The valuation of the land and the compensation to be given for differences of quality notoriously constitute the chief difficulties in all such undertakings; in Western Europe the work has often failed altogether or in part, owing to such causes.

The valuation of the land in Russia is habitually made by a deputation of peasants from the commune concerned, under the supervision of a surveyor. The value of the soil is not generally established in money; the land is simply subdivided into various classes and the calculation is made on the principle that a definite area of such or such a class is equivalent to a definite area of another class. Sometimes recourse is had to the sale by auction of such or such a lot among members of the rural commune, but that very often excites discontent and protests; it generally happens that the peasants do not get their land valued, as they say that the value of the soil is more or less the same for the whole area belonging to the village.

The area of the holdings assigned to each family of peasants being established and account also taken of the better or worse qualities of the soil,

the roads are marked out and the boundaries fixed on the spot: after which the agent entrusted with the direction of the work of land readjustment summons those concerned to a general meeting. He submits the plan of the new readjustment to the peasants and takes note of any objections that may be made. If he considers them reasonable, he arranges for the rehandling of the plan. If there are no further objections, or if those made are considered unreasonable by the agent, a report is prepared: a term of a month is allowed for those concerned to make further objections; these must be addressed to the land commission of the district, to which the papers (documents and reports) relating to the readjustment are forwarded. The Commission approves the draft plan and those interested have the right to forward any objections they may have, to the provincial agricultural commission. Notwithstanding the minute details of this procedure, not at all bureaucratic however, since it leaves the local agricultural population considerable influence both in the practical execution of the work and the solution of legal problems (half the members of the land commissions are peasants), the whole work of land readjustment has made, as we have said, extraordinary progress, and this is true especially of individual farm readjustment, which presented complicated difficulties and required considerable time. To complete the figures given already we reproduce in the following table a specification of the work of readjustment in conformity with what has been above stated.

TABLE VIII. — *Specific Report of the Work of Individual Farm Readjustment Carried out in the Years 1907-11.*

Kind of Work of Land Readjustment Carried out	In Preparation			Carried out			Approved by the Peasants		
	Number of		Area. (Deciatines)	Number of		Area. (Deciatines)	Number of		Area. (Deciatines)
	Communes	Households		Communes	Households		Communes	Households	
(1) Complete Readjustment of Entire Villages with Collective Property, Readjustment of the Lots of all the Members of the Commune .	6,804	339,885	3,785,787	5,979	305,070	3,336,392	5,450	265,569	2,843,780
(2) Complete Readjustment of Entire Villages with Individual Property, and Readjustment of the Lots of all the Members of the Commune .	4,395	167,475	1,423,924	3,960	153,754	1,272,491	3,455	129,253	1,030,227
(3) Readjustment of Villages, with Readjustment of the Lots of Peasants desiring their Land to be Converted into Individual Property . . . . .	16,045	187,695	1,933,661	12,565	160,787	1,787,618	10,260	129,253	1,384,163
Total Work Done . . .	27,244	694,755	7,147,322	22,504	628,611	6,396,501	19,165	523,408	5,258,170

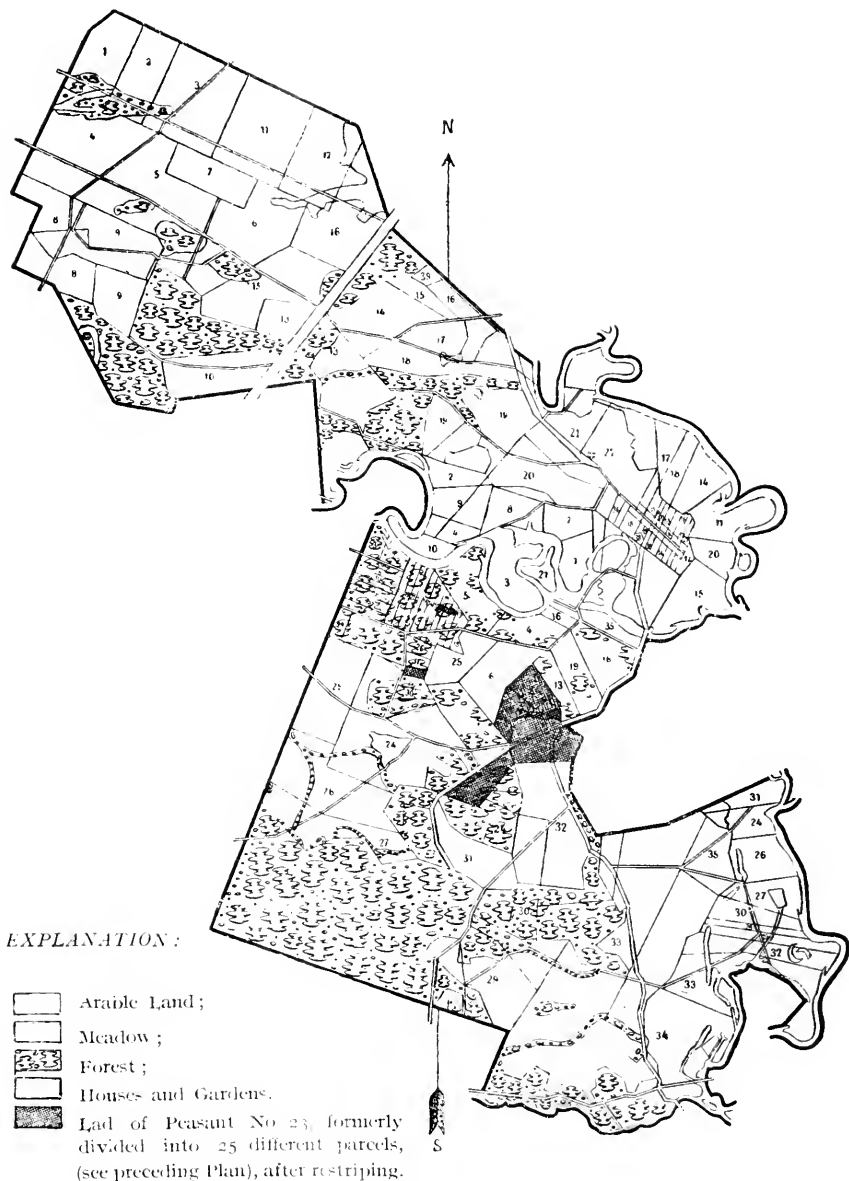


# Plan of the Village of Bubnowka

*in the Government of Minsk after Survey and Restriping.*

Of the 34 families (See the Plan in Bulletin for November, page 128), 22 have received holdings of an area of 30 ha. (27 deiatines) on which they have built their houses. The remaining 12 still live in the Villages, but have also received holdings of an area of 25 ha. (23 deiatines), for the most part consisting of three portions (arable land, forest and meadow)

At the request of the peasants, the land marked No. 35 was left undivided and some pastures and forests have also been kept for collective use.



These figures show that a general readjustment of the land of entire villages has been carried out in the course of the above five years over an area of 4,608,883 deciatines, or 50,000 square kms.; to this must be added the partial readjustment of other villages, by the rounding off of individual peasants' farms over an area of 1,787, 618 deciatines or 20,000 square kms. As all this work has necessarily to be preceded by the "inside survey of the nadiel" (the most complicated form of survey), this is really a record case of surveying and readjusting. In fact, the highest figures yet known (Sweden 1851-1860 : 36,046 households possessing 33,220 sq. kms. of land) would correspond, in a period of five years, to 18,000 households and 16,600 sq. kms. ; and yet these Swedish figures, when compared with those for Denmark (about 30,000 sq. kms. in the course of at least one generation) and Germany (seven provinces of Old Prussia in 1821-1870, 162,240 sq. kms. for farm readjustment of every kind, or, in proportion, 16,000 sq. kms. in the course of five years) must in their turn be considered as evidence of a very considerable work.

The success of the Russian land reform, judging by its external aspect, is in fact surprising, so that if we had not more accurate knowledge of the local conditions we have described, which have largely contributed to simplify the whole process, we might doubt whether it had been scientifically conducted. In order to enable the reader to appreciate still better this work in its concrete results, we shall devote the whole of the next section to a study of the practical success obtained and of what the peasants themselves think of it.

In order clearly to show the kind of surveys, valuations, readjustments and divisions effected, as well as the changes made in the situation of the dwelling houses, we shall give the plan of a village after readjustment, from Russian official sources. As this is a plan of the same village of which the original plan, that is to say, before readjustment, was reproduced in the number of this Bulletin for November, 1913, a comparison of the two will give an exact idea of the usefulness of this farm readjustment, the difficulties that had to be overcome in carrying it out and the results obtained, better than any verbal description could.

In order to ensure the execution of all this work of farm readjustment which, since the end of the first three years, has been carried out over an area of 4,851,259 deciatines (50,000 sq.kms.) which, according to the estimate, required more than 200,000 days for their surveying, the local land commissions employed from the beginning of 1909 a staff of 1,911 professional surveyors and 1,360 assistant surveyors. In addition, the commissions had altogether 395 business managers, and 411 other members who assisted in the practical work, without counting 122 special officers of the General Management of Agriculture at St. Petersburg and 178 other persons (Crown Lands officers and soldiers); thus in 1909 there were 4,584 miscellaneous employees directly assisting in the work of this most extensive land readjustment the world has seen, and in 1910 the number had increased to 5,120.

The largest number of surveyors in the first years worked in the following five provinces (Governments) :

TABLE IX.

	Surveyors — 1909-10 —	Work of Land Readjustment Carried out			
		Individual Readjustment.		Collective Readjustment.	
		Déciatines		Déciatines	
		1910	1911	1910	1911
Samara . . .	192	684,759	945,205	56,853	56,853
Vitebsk . . .	184	207,657	253,170	19,838	25,383
Saratof . . .	158	249,447	339,477	20,991	38,840
Kherson . . .	127	226,249	280,404	29,815	46,815
Mohilev . . .	116	188,204	189,538	38,320	40,505

As we see, about a third (1,500,000 déciatines) of all the work of inside farm readjustment and more than one eighteenth of all the outside surveying of the nadiel was done in these five provinces, forming a very considerable proportion of the whole work done; for it is well to observe that the inside surveying (that is within the limits of the nadiel) is much more complicated and takes much more time than the other.

Although considerable, the number of officers is yet insufficient to meet the continually increasing applications of the peasants for farm readjustment. The numerical insufficiency of the employees and their want of experience are among the principal difficulties in the way of farm readjustment. It seems that these difficulties in certain cases have their influence on the carrying out of the work (1): on the other hand, it appears from official reports that the General Management of Agriculture, by the institution of *special winter courses* during the inevitable suspension of the survey work, is endeavouring to increase the proportion of surveyors well trained for their business, as before the beginning of the farm readjustment work, there was hardly any knowledge of it in Russia. These efforts have been fully successful and the result has been that since 1911 the number of professional surveyors attached to the land commission has increased to 2,730 and that of the assistant surveyors to 2,722. If to these we add the members of the 47 provincial commissions and the 471 local commissions, all directly taking part, to the number of 6,000 in the work of farm readjustment, we obtain a total of 11,000 persons assisting as functionaries in the great work of farm readjustment in Russia (2).

(1) See F. E. ORDINSKI: "The Present Situation of the Land Reform", May-June Number of *Sídskoié Khoziáistvo i Liessovodstvo* (Bulletin of the General Management of Agriculture).

(2) *Zemleuстроištvo*, 1912, p. 21.

§ 4. REFORMS WITH THE OBJECT OF INCREASING THE AREA  
OF LAND HELD BY PEASANTS.

In the preceding sections we have dealt exclusively with the work in connection with the readjustment of farms and the redistribution of those held by the peasants; we shall now deal with the provisions relating to the third great problem of agricultural politics, that is to say: the increase of the area of land held by the peasants who, in general, are insufficiently supplied with land.

It is partly to the Peasants' Land Bank and partly to the land commissions that the solution of the problem has been entrusted in a series of ukases promulgated in 1906, with which we shall deal hereafter. Although, owing to the very nature of the work of farm readjustment, there has been a continual and close collaboration of the Peasants' Land Bank with the land commissions, we shall here, in order to emphasize them more, show separately the various measures taken for the purpose and their effects, beginning with the work of the Peasants' Bank, as this Bank has played the principal part in relation to the increase of the peasants' land.

(a) *Operations of the Peasants' Bank.*

The Peasants' Land Bank, founded in 1882, had at the start the sole duty of advancing money to peasants for the purchase of farms. These loans were granted for long terms (24  $\frac{1}{2}$  - 34  $\frac{1}{2}$  years) up to the amount of 60 % (in some cases even 90 %) of the estimated value of the land bought. The maximum loan obtainable, however, was 500 roubles per household or 125 roubles per individual (adult male). The loans were repaid in very large annual instalments; 8  $\frac{1}{2}$  % (interest and sinking fund) on loans for 24  $\frac{1}{2}$  years, 7  $\frac{1}{2}$  % on those for 34  $\frac{1}{2}$  years; in November, 1894, these rates were reduced to 7  $\frac{1}{2}$  and 6  $\frac{1}{2}$  % respectively. By an Order of December 6th./19th., 1898, five periods for extinction were fixed (13, 18, 28, 41 and 55  $\frac{1}{2}$  years) with annual instalments of 10  $\frac{3}{4}$ , 8  $\frac{3}{4}$ , 6  $\frac{3}{4}$ , 5  $\frac{3}{4}$  and 5  $\frac{1}{4}$  % respectively. By this change, the rates were virtually again reduced, on an average by  $\frac{1}{4}$  %.

We have not here to study these operations from the financial point of view. That important part of the work of the Peasants' Land Bank was dealt with in our article on Russian Agricultural Credit, whilst here we have only to consider the work of the Bank in regard especially to farm readjustment and above all the service rendered by the Peasants' Bank for the encouragement of home colonisation. The Bank, since the publication, towards the end of 1895, of its new rules, has been authorized to purchase landed estates for its own account, in order to subdivide them and sell them again in lots, as far as may be, to peasants. At first, these powers were conferred on the Bank up to 1911; the term was later indefinitely extended by the 3rd. Duma.

In accordance with these provisions, the Bank had displayed a certain activity, in the period 1896-1905, in the field of home colonisation, having sold directly to peasants 700,000 deciatines of land for a total value of 52,000,000 roubles.

In order further to encourage the work of the Bank in this field, the following measures were adopted in 1906 :

1. By Imperial Ukase of November 5th, 18th., 1906 the Bank was authorized to grant loans on nadiel land, which up to then could not be mortgaged, as it was already heavily burdened with mortgages to the State as security for purchase price.

The balance of the mortgage debt to the State having been extinguished (by Manifesto of November 3rd./16th., 1905 see §1. at the end), this impediment was removed, and when the peasants needed money, not alone for the purchase of new land, but for the realisation of the new land reforms, they were in a position to contract loans with the Bank on mortgage of the nadiel land which formed their chief assets. These loans, however, could only be contracted for agricultural improvements, or for the extension of the area of peasants' farms ; in the case of land purchase, the amount advanced by the Bank is paid by it directly to the seller (in no case to the peasant purchaser) ; in the case of farm improvements, the Bank itself supervises the employment of the loan ; in this way the danger has more or less been eliminated of the peasants running too deeply into debt through the loans they are allowed to contract on the security of nadiel land.

2. By virtue of an amendment of the rules of the Bank (§54), in the year 1895, the maximum loan, instead of being fixed absolutely was fixed at a certain proportion (60-90 %, in certain cases up to 100 %) of the estimated value of the land the adult males of the family were capable of cultivating themselves. This was really raising the maximum of the loan, the more so as regulations of December 3rd./6th., 1900, stipulated that the lots of land the peasants could buy through the medium of the Bank must be at least 10 deciatines in area and at most 21 deciatines per household.

In the new conditions these provisions were out of place ; from the beginning of 1912, the area of the ordinary holding the Peasants' Bank had to supply for each household was calculated in proportion to three times the maximum established for the adult males (see section 2) : the areas of the new lots consequently vary from  $8\frac{1}{4}$  to 21 deciatines, according to local conditions.

3. After a temporary increase in the rate of interest (July 14th./27th., 1905), the amounts of the instalments to be paid by the peasants on loans from the Bank were again reduced, by a ukase of October 14th./27th., 1906, to  $9\frac{1}{4}$ ,  $7\frac{1}{4}$ ,  $5\frac{4}{5}$ ,  $4\frac{9}{10}$  and  $4\frac{1}{2}$  % respectively, according to the various dates of maturity. This considerable decrease in the instalments of (from  $\frac{3}{4}$  to  $1\frac{1}{4}$  %) really means a reduction of the rate of interest to 4 % per ann., so that the loans on land made by the Peasants' Bank are now al-



most as little of a burden as elsewhere, in countries with an advanced organization of agricultural credit.

At the same time, other provisions regarding the conditions of the loans have encouraged and provided funds for the carrying out of other agricultural reforms. Thus, the maximum loan on lots divided into small parcels has been fixed at 50 % of the estimated value, while in the case of undivided holdings it has been fixed at 90 %. It was further stipulated that for the purchase of land intended for individual farms, the purchaser would only have to pay 10 % of the purchase price in cash; in some cases he is exempted from any cash payment. On the other hand, the Bank requires from other purchasers (rural and peasants' associations) a cash payment of from 15 to 20 % at date of purchase.

4. By ukase of August 12th., 1906, a comparatively large area (about 2,000,000 déciatines) of Crown Land (of the appanage administration, not to be confounded with the domains) (1) was placed at the disposal of the Bank for sale to the peasants.

To accomplish all its new duties, the Bank had quickly to realise considerable amounts and as the Russian finances at this period, that of the Russo-Japanese war and internal troubles, were not in a very flourishing condition, so that any financial assistance on the part of the State seemed impossible, the Minister of Finance, M. Witte (2), devised the following wise solution: by Imperial Ukase of March 21st./April 3rd., 1906, the Bank was relieved from the necessity of making payments in cash; it could, on the other hand, purchase landed estates by means of the issue of 5 % certificates (bonds); these could again be exchanged by the holders for personal books. These books, yielding 6 % per ann. are redeemable in ten years from the 6th. year of issue. It is virtually a loan at comparatively high interest the Bank has contracted with the sellers of landed property.

In this way, the Bank bought in the course of five years a considerable area of land, as appears from the following table :

(1) Ukase of August 27th., 1906, the provisions of which regulate the action of the land commissions. See below.

(2) Those who are acquainted with the agricultural history of the North will find a resemblance between the personality of M. Witte and that of Schimmelmann, who was Minister of Finance in Denmark a century and a half ago, as there are also resemblances between Stolypine and the Minister Bernstoft, on the one hand, Krivoscheine and Reventlow on the other. The names of the German Ministers, Stein and Hardenberg, will suggest themselves to everybody's memory.

TABLE X — *Landed Estates Bought by the Peasants' Bank to Sell again. (Déciatines).*

	Bought in the year	Crown Lands Transferred to the Bank.	Remaining with the Bank, owing to non-fulfilment of Contract	Total
Balance on January 1st.				
1906 . . . . .	263,272		51,514	314,786
1906 . . . . .	1,144,461		51,551	1,196,012
1907 . . . . .	1,519,848	353,713	158,946	2,032,507
1908 . . . . .	572,082	784,122	140,829	1,497,033
1909 . . . . .	172,855	57,627	53,069	283,551
1910 . . . . .	48,444	570	11,472	60,486
Total . . .	3,720,962	1,196,032	467,381	5,384,375

This table shows that the Peasants' Bank has received a considerable area of Crown Land (1,196,032 déciatines); unhappily the area of land acquired and remaining with the Bank owing to non-fulfilment of contract on the part of purchasers is also considerable: 467,831 déciatines, or more than 8% of the entire area the Bank had at its disposal.

But it is above all the enormous number of private farms sold to the Bank which deserves to be considered. In the course of the year 1907 alone, the year following the agrarian disturbances, the Bank bought 1,519,848 déciatines of such land. In order to show more clearly the hastiness of the sale of these large landed estates, we reproduce below a few passages from the preface of the Report of the Peasants' Bank, which is an excellent commentary upon the figures reproduced above:

"The latent agitation among the peasants which, in the course of the last six months of 1905, degenerated into acts of violence, caused a panic among the landed proprietors. Agitators instigated the population to aggression; the landowners were to be driven from their estates in order that the peasants might proceed to the occupation of their farms. Plunder, destruction of live and dead stock, incendiarism, the devastation of forests to which the peasants openly abandoned themselves, suspension of labour and other similar acts, all rendered the management of landed property impossible. The losses suffered and the want of security for the future obliged many landed proprietors at once to sell their estates. The supply was excessive, the number of buyers comparatively insignificant; the peasants were waiting for the division of the land (*tcherny pérédiel*) announced by the revolutionaries; private persons did not dare to invest their capital in land. It was to be feared that the large quantity available would fall into the hands of speculators who, when order was once re-established, would, as usual, abuse their position and take advantage of the people when reselling the land they had themselves bought at low prices."

In these last lines the Report of the Peasants' Bank touches what has been a weak point in the organization of the sale of land to peasants up to the present: the deplorable part played by intermediaries, generally Jews, who have monopolised this kind of trade to the detriment of the landowners and peasants, while the Bank itself has not always been able to dispense with the services of these middlemen and speculators.

To prevent these abuses, advantage was taken of the work of the land commissions, to which was entrusted the special duty of advising in regard to prices and the value the land offered for sale to the Peasants' Bank might have for colonisation and of playing the part of impartial intermediaries between the landowners selling and the Bank on the one hand, and the Bank and the peasants buying on the other, so as to more and more prevent the disastrous action of the professional speculators in land. The following figures relating to the services rendered by the land commissions as intermediaries show that they have not been slow in attaining this high object.

TABLE XI. — *Intermediary Service of the Land Commissions in the Purchase of Land by the Peasants' Bank.*

Year	Farms offered to the Peasants' Bank	Recommended for Purchase	Proposed Purchase Refused	Proposals as to which no Decision has yet been Taken
1907 . . . .	4,684,005	3,440,618	923,601	319,786
1908 . . . .	1,590,275	1,105,996	546,691	207,374
1909 . . . .	416,281	330,313	165,137	128,205
1910 . . . .	361,012	160,428	226,675	102,104
1911 . . . .	209,635	93,691	95,238	122,870
	7,261,198	5,131,046	2,007,342	880,339

Almost all offers of land for sale made to the Peasants' Bank are now examined by the land commissions and this is often the case with the prices asked by the landowners. In the course of the last five years, the commissions have considered the value of 2,449 holdings of an area of 2,514,380 déciatines. This has led to the reduction of the price asked by the sellers from 145 to 111 roubles per déciatine, or almost 25 %. These figures show the necessity and success of this intervention of the land commissions in the business of the purchase of land. The land commissions also intervene in business conducted directly between peasants and landowners (without the mediation of the Peasants' Bank). In this business directly conducted, the commissions have had to give their opinion, in 16,035 cases relating to farms of a total area of 1,961,581 déciatines.

We shall now see how the Peasants' Bank proceeded in disposing of this enormous quantity of land, for of course it was not provided with the necessary organization for so large a scheme of home colonisation.

First of all, special provincial sections of the board of the Bank were founded, by decisions taken on July 20th., August 4th. and November 6th./19th., 1906 by the Council of Ministers. Delegates of this board of the Bank were charged to supervise, in concert with the members of the Central Committee of Land Organization at Saint Petersburg, the sales of landed property made to the Bank through the medium of these provincial sections of the board. The latter, in their turn, put themselves in relation with the provincial land commissions, increased the staff of the provincial branches of the Peasants' Bank and perfected the technical service both by engaging surveyors and agricultural engineers and temporarily utilising the services of the staff of the local commissions for farm readjustment. In 1908, 26 managers with 291 trained surveyors and 105 hydraulic engineers for the sinking of artesian wells to provide water for individual farms (*khoutor*) were attached to the provincial branches of the Bank. The land commissions also supplied the Peasants' Bank in the same year with 771 surveyors, but the number is still insufficient.

The return of the sales of land made by the Bank, in the course of the last five years through the medium of its branches, witnesses to the success of the work, really extraordinary both as regards area and thoroughness.

TABLE XII. — *Fluctuations in the Amount of the Land Reserved by the Peasants' Bank (Déciatines).*

Years	Situation on January 1st.	New Purchases Made in the Year	Land Sold	Increase (+) and Decrease (—) in the Amount of Land Reserved
1906 . . . . .	314,786	1,196,012	39,634	+ 1,156,328
1907 . . . . .	1,471,164	2,032,507	190,799	+ 1,841,708
1908 . . . . .	3,312,872	1,497,033	331,757	+ 1,165,226
1909 . . . . .	4,478,148	283,551	562,983	— 279,432
1910 . . . . .	4,198,716	60,486	371,786	— 311,300
Total . . . . .	—	5,069,589	1,496,959	—

Thus, in the course of the last five years the Bank has sold land of an area of more than twice the total of that sold to the peasants in the two preceding periods of five years (1896-1905).

When we dealt (in the previous section) with the work of the land commissions in connection with land readjustment we showed that the Peasants' Bank also participated in the other land reforms (readjustment of peasants' farms) precisely in virtue of the sales of land it conducted,

whereas by an ukase of November 3rd./16th., 1905, the land sold to the peasants must be divided as far as possible in lots of a single piece of suitable size, so that the Bank of necessity contributes by these sales to the formation of small farms of a single piece. In order to show this more clearly we reproduce the following table.

TABLE XIII. — *Return of Sales of Land by the Peasants' Bank (Déciatines).*

Year	Land Sold with Right (1) to Mortgage				Land sold for Cash or Restored to the Original Owners, or given in Exchange or Freely		Total	
	To Individual Peasants		To Communes and Associations of Peasants		Total	%	Total	%
	Total	%	Total	%				
1906 . . . . .	1,241	3.1	38,003	95.9	390	1.0	30,634	100.0
1907 . . . . .	4,559	2.4	175,589	92.0	10,651	5.6	190,299	100.0
1908 . . . . .	126,043	38.0	198,913	60.0	6,801	2.0	331,757	100.0
1909 . . . . .	432,487	76.8	118,826	21.1	11,676	2.1	562,983	100.0
1910 . . . . .	332,036	89.3	31,142	8.4	8,638	2.3	371,786	100.0
Total . . . . .	896,366	59.9	562,437	37.6	38,156	2.5	1,496,959	100.0

(1) As guarantee of the balance of purchase price still due.

Not less than 896,000 deciatines (1,000,000 ha.) or  $\frac{1}{4}$  of the total land sold, was divided into well rounded off lots (*otrouba* and *khoutor*); the figures in the table show that the sales to individual peasants are increasing more and more in importance in comparison with those made to collective bodies (rural communes and peasants' associations). Certainly, many difficulties had to be overcome, disagreements between members and with outsiders to be got rid of, before the work of the Bank could be given this new direction. For a proper system of surveying and the subdivision and sale of land to peasants in lots of a single piece answering to the technical requirements of agriculture, a work of many years was necessary, that is a work incomparably more considerable than the summary mode of alienation previously in use and it is very easy to understand that a large number of members of the board of the Bank at first were hostile to this new undertaking. The selling price of all the land amounted to 180,000,000 roubles, so that the average price per deciatine, which up to the year 1905 had never been 100 roubles, now almost always exceeds that sum.

Figures recently published show that the success of these sales of land is now assured and has surpassed all anticipation: the sales definitely concluded corresponded on January 1st., 1912 with a total area of 2,674,487 deciatines as compared with 1,496,956 deciatines in July, 1910. No detailed return of the subdivision of these farms, the total area of which far exceeds that of the cultivated area of Denmark or Holland, has yet been published. We have, however, drawn up the following table, from official sources, showing the amount of land sold, and of that not sold or not saleable, included in the reserve land belonging to the Peasants' Bank.

TABLE XIV. — *Sales of Land by the Peasants' Bank since January 1st., 1906.*

	Situation	
	July 1st., 1910	January 1st., 1912
(1) Sales Definitely Concluded	1,496,959	2,674,487
(2) Sales not Finally Concluded	953,582	88,307
(3) Sales Prepared by Conclusion of Contracts . . . .		683,342
(4) Sales Arranged on Payment of Advances . . . . .	309,746	306,881
1-4 . . . . .	2,760,787	3,753,017
(5) Land Surveyed and Ready for Sale . . . . .	694,174	280,749
(6) Land Surveyed, but not yet Divided in Lots . .	209,511	220,353
(7) Land Suitable for Sale, but not yet Surveyed . . .	766,835	603,554
5-7 . . . . .	1,760,420	1,104,656
(8) Crown Land Let for Long Terms and Consequently not Divisible in Lots .	633,668	415,730
(9) Other Unsaleable Land .	320,000	478,518
	953,668	894,248
(1-9) Total . . . . .	5,384,375	5,751,821

The importance of these figures is evident in itself, from the fact that the area of the land for sale (2,300,000 deciatines in round numbers) added to that of the land definitely sold since 1906 by the Peasants' Bank (2,674,487 deciatines) gives a total of nearly 5,000,000 deciatines, almost

equal to that which would have had to be sold in 1905, in order that all the nadiel lots of less than 5 deciatines each might be increased to the area of 5 deciatines.

A large part of the reserve land of the Bank is, however, situated in regions in which the peasants least require land; it is very difficult to form a considerable reserve in regions where the need of increasing the lots is greatest. Thus, of the 5,000,000 available deciatines, not less than 1,500,000 were situated in the Governments of Saratov and Samara, where the average area of the nadiel is between 10.4 and 21.6 deciatines, whilst there is scarcely any land available in the Governments of Little Russia and of the South West, as large estates in those regions are comparatively few.

The only means of meeting the difficulty here is for a part of the peasants insufficiently supplied with land in the Governments of the South West and Centre of Russia to sell their nadiel lots to their commune and use the produce of the sale and the credit granted to them by the Peasants' Bank for establishing themselves in the Eastern Provinces. This Eastward movement has indeed long commenced and in its general features is entirely similar to the emigration to Siberia, for the same reasons, of entire Russian villages.

There are also two other difficulties impeding this gigantic undertaking for the sale of land, namely the impossibility of rendering all the land bought utilisable for the peasants and the difficulty of keeping all under cultivation up to the moment when it may be profitably sold again to the peasants. With regard to the first of these difficulties, our last table provides the following figures: 320,000 deciatines (not utilisable by peasants) on July 1st., 1910, and 478,518 deciatines on January 1st., 1912. Practically, the area of this land increases with the purchases, since on many of the landed estates, there are portions (forests, parks, brick fields etc.) not utilisable for home colonisation.

In virtue of instructions received in February, 1908, the Bank is providing for the reduction of losses in yield and in capital (value of the land) through the difficulty of keeping the farms bought for sale to the peasants under cultivation. The provincial sections of the board of the Bank have been ordered first of all to lease the land for short terms and keep the buildings in repair.

In spite of inevitable defects and errors in the work of colonisation on such a scale, the principal part of the land reserve of the Bank has already passed into the hands of the peasants, especially of the small farmers most in need of it. This is seen in the statistics collected by the Peasants' Bank for the years 1908-09, classifying the purchases according to the area of their holdings (1).

(1) Report of the Peasants' Bank for the period 1906-10, p. 35.

TABLE XV. — *Classification of Purchasers from the Peasants' Bank, according to the Area of their Holdings.*

Area of Holdings	Total Figures				Percentags
	Individual Peasants	Rural Communes	Peasants' Associations	Total Purchasers	
0 Deciatines . . . . .	14,565	7,693	1,194	23,457	22.1
0-1 <sup>1</sup> / <sub>2</sub> » . . . . .	11,230	4,833	1,664	17,727	16.7
1 <sup>1</sup> / <sub>2</sub> -3 » . . . . .	10,048	6,012	4,070	20,130	18.9
3-5 » . . . . .	9,018	8,942	5,811	23,771	22.4
6-9 » . . . . .	3,321	4,921	2,465	10,707	10.1
9-15 » . . . . .	2,052	3,452	2,246	7,750	7.3
Above 15 » . . . . .	734	1,270	756	2,760	2.5
Total . . . . .	50,968	37,123	18,206	106,302	100.0

Thus four fifths of the Banks' customers are peasants possessing less than 6 deciatines of land, that is to say just those who, as we have shown, have most need to be provided with land.

(b) *Work of the Land Commissions.*

In the previous sections we have reviewed the work of the land commissions, partly in respect to farm readjustment properly so called, and partly in respect to their co-operation in the sale of the land reserve of the Peasants' Bank. We shall here touch on another duty with which they are entrusted, namely: the sale to the peasants of a portion of the Crown Lands (Domains), placed at their disposal by ukase dated August 27th, September 9th., 1906.

The commissions have themselves to settle in all their details the conditions for the sale of these Crown Lands: 95 % of the price of sale is to be paid off in instalments in 55 years, so that only one twentieth is paid in cash. And although this payment is reduced to a minimum, those peasants may be exempted from it who, after sale of their holdings, which were too small, to the commune at the date of readjustment, prefer to establish themselves as colonists on the Crown Lands, because the yield from the sale of their former holdings is generally too insignificant compared with the cost of removal and initial establishment on the new holding. Thus, the cash payments have in these years only been about 4 % of the purchase price.

Although it is not possible to compare these sales of the Crown Lands with those of the Peasants' Bank, yet they amounted, during the years 1908-1911, to 329,005 deciatines distributed among 57,243 peasants' families, who had to pay altogether 32,532,284 roubles for them. The following table gives the details:



TABLE XVI.

Year	Holdings Ready for Sale	Conditional Sales of Crown Lands					
		Total		In <i>otrouba</i> or <i>khoutor</i>		Total Area of Land Sold	Average Price per Deciatine
		Number of Pur- chasers	Decia- tines	Number of Pur- chasers	Decia- tines		
1907 . . . . .	21,225	6,293	9,664	563	5,631	1,149,230	119
1908 . . . . .	230,118	12,662	45,173	2,600	39,624	4,638,663	103
1909 . . . . .	135,510	18,014	139,355	7,078	131,642	15,083,665	108
1910 . . . . .	78,507	14,728	86,541	4,812	82,621	7,825,415	90
1911 . . . . .	64,287	5,596	48,272	2,468	45,486	3,845,307	71
Total . . . . .	529,647	57,293	329,005	17,521	305,004	32,542,280	99

We now draw special attention to the very considerable proportion (92 %) of the land divided in holdings of a single piece (*otrouba*) or in holdings with buildings (*khoutor*) formed or in course of formation in virtue of these sales. The following table shows that these operations have specially benefited the peasants insufficiently supplied with land.

TABLE XVII. — *Land already Possessed by Purchasers of Crown Lands (1907-11).*

	Individual Peasants	Rural Communes	Total
Possessing no land . . . . .	42.4	3.5	15.4
Possessing 0-3 Deciatines . . . . .	28.3	16.7	20.3
" 3-6 " . . . . .	18.6	33.2	28.7
" 6-9 " . . . . .	7.3	19.0	15.5
" 9-15 " . . . . .	2.2	19.8	14.4
" above 15 " . . . . .	1.2	7.8	5.7
Total . . . . .	100.0 %	100.0 %	100.0 %

§ 5. OTHER OPERATIONS IN CONNECTION WITH THE WORK  
OF READJUSTMENT CARRIED OUT BY THE LAND COMMISSIONS.

In the course of carrying out the new land reforms experience showed that in order to accelerate the operation, two measures were necessary: 1st., small loans had to be granted for the initial establishment of those peasants who, possessing very little or no land at all at date of purchase, could not benefit by the credit given by the Peasants' Bank, and 2nd., model and experimental farms had to be organized to show the peasants the advantages of the new system of farm readjustment in such regions in which the rural communes themselves had no practical notion of it.

In accordance with the regulations of November 17th./30th., 1908, the land commissions distribute their subsidies in money under the form of loans, not at interest, up to the amount of 150 roubles, repayable in five annual instalments, beginning with the 6th year. It is in fact a very efficacious system of assistance, since the cost of removal and initial instalment of the peasants generally amounts to between 200 and 500 roubles, according to the locality. We must not consider these figures from the point of view of Western Europe, where the monetary regime also prevails in agriculture, so that it would be out of the question to build new houses at such prices. It should be added that the land commissions are still able to assist peasants with loans in kind, especially providing them with cheap timber for building from the State forests; in this way among the Russian peasants, who are poor, but live to a large extent under the system of barter, new colonies are formed of a size and with a rapidity which would be inconceivable, in the case of the richest farmers of Western Europe, if only for financial reasons. It must be allowed that it is fortunate for Russia and not at all a mere incidental fact that the reforms have been commenced at this moment. A hundred years hence the monetary regime and the credit institutions prevalent in Western Europe will also prevail by natural force of circumstances on the Russian peasant farms and the rise in price of material and labour, as well as the increased needs, would render this work of reform, already in itself difficult, entirely impossible, on purely financial grounds.

Account must be taken of these special conditions if we are to appreciate at its real value the amount of 13,452,543 roubles, seemingly a small sum, distributed by the land commissions under the form of loans in 1907-11 (1).

Out of this sum, 147,640 peasant families received loans of an average amount of 100 roubles each to meet the cost of their initial establishment, not including that of building material received at very low prices. It is true that 337,741 families applied for such loans and we shall see in the following section that the available resources of the commissions are insuf-

(1) The Commissions further distributed 864,597 roubles as special subventions among 32,100 peasants.

ficient to meet the requirements of the colonists for houses and other buildings.

At the same time, the land commissions, together with the zemstvo administrations, have provided for the organization of 2,652 farms to serve as models and 12,079 experimental farms, the zemstvo administrations having long exerted themselves in various provinces for the promotion of agricultural knowledge among the peasants. The amount directly spent for the purpose by the commissions in 1907-11 was about 7,000,000 roubles; in addition, out of the credit opened in 1911, 4,000,000 roubles were placed at the disposal of the zemstvos and the various agricultural associations for the work of land readjustment. We should also observe that the agricultural co-operative societies and the zemstvo banks, organized on mutual principles, find here a large field, open to them and their prosperous development in recent years is a new indication of the life-giving power of the new land reforms, the effects of which are felt throughout the whole field of agriculture. We must, however, refrain from here entering into the details of these special conditions, the rather as we shall continue to give a careful account of these indirect effects of the land reform in the *Bulletin of Economic and Social Intelligence* and shall be continually publishing them for the benefit of Western Europe.

#### § 6. SUCCESS OF THE FARM READJUSTMENT WORK CARRIED OUT UP TO THE PRESENT AND ITS CRITICS.

Our account of the salutary work of the land commissions has been so far principally based on Russian official publications; and this has been intentional, as these publications, which give a quantity of statistical data and diagrams, showing the complete transformation of the Russian village by means of the work of the Commissions, have been up to this little utilised.

Although it is not to be imagined that there has been in our days an imitation of the famous villages of Potemkin, it still seems to us advisable to complete the foregoing study by giving the comments of the critics of the new land organization, and their remarks on the new development of the conditions of the land held by the Russian peasants. We shall first give the remarks of such critics as W. Ordinsky, W. A. Obolensky and A. Koefoed, who have travelled through the provinces, visited the villages, spoken with the peasants and seen the surveyors at work, or again T. Stroganow, who passes his life among the peasants. No one could form quite certain conclusions with regard to a radical economic system of laws, whether in the realm of industry or in that of agriculture, without personally studying, in the midst of the infernal din of modern machinery, the technique of contemporary industry in all its phases or without having personally put his hand to the plough, furrowed the field with it and conducted the reaping machine across the meadow.

It is from this point of view we shall now study the work of the land commissions and if it is impossible for us to take the reader for a tour through Russia, we can nevertheless follow in thought the authors who have made investigations on the spot and have recorded the things they have seen.

The objections made by these investigators on the spot may easily be divided into two classes, according to their nature, objections on principle and practical objections. Let us first consider the former:

(a) The essential question of principle in regard to the whole problem was stated in the following terms by Prince W. A. Obolensky (1) at the end of his book above referred to: "Will the liberation of the individual peasants from the commune certainly last? What will become of the individual farms when at the death of the present owners they have to be divided among the heirs? Will there not be again subdivision and scattered lots?"

It cannot be denied that the prevalent system in other European countries and in North America, that is to say the free disposal of owners' rights over land has led to evils which attempt is being made of late years to remedy by means of laws that might be considered "antiliberal". We refer particularly to the special laws passed in America and France for the encouragement of *homesteads* and "undistrainable family holdings", by which endeavour is being made to assure the maintenance of farms of a certain area under all economic circumstances against the arbitrary arrangements of the respective owners. A precisely similar "servitude of the soil" existed in Russia, as the peasants or the communes, up to 1905, could only sell their land to others in certain very definite cases and their principal holdings, the *nadiel* lots could not be mortgaged. Does it not seem strange that at the very moment when the Western nations, with a peasant population certainly far more enlightened and educated than the Russian, find themselves obliged, so to say, to protect agriculture against the farmers themselves by the institution of a conditional right to property, Russia should follow the opposite course, affording, even in the opinion of favourable critics, the greatest freedom to the caprice of ignorant farmers?

The partisans of the new movement in Russia object that the experience, especially of the Scandinavian countries and North Germany, has undoubtedly shown that the more perfectly and scientifically the peasants' farms are readjusted, the better they resist the danger of excessive subdivision or unscientific division among heirs. Even in countries where the permanence of the small farm is not legally assured, as in Norway by *Aasaede*, and in various parts of Germany by *Anerbenrecht*, that is to say by a succession law, by which the land passes to one of the sons under favourable conditions, the division of the inheritance is, according to the ancient customary law of the peasants, very seldom made in kind; the farm passes generally undivided to one of the sons and each of his co-heirs receives his share in money; generally the amount of these shares is less than the value of the land due to the coheirs, so that the farm may not be burdened by excessive charges

(1) Agriculturist, member of the zemstvo, statistician.

and its permanence may be assured. Where these arrangements cannot be made, the farm is sold as a whole, and so passes intact to a new owner.

Making all allowance for the difference of legal and economic conditions, it is true that, as regards climate and the social system prevailing in the agricultural world, Russia has more affinity with the Scandinavian than with other European countries; but it is still to be feared that the Russian peasants are generally so attached to the ancient method of dividing land that when they find themselves entirely free to act as they please and no longer controlled by the *mir*, they will often subdivide the land itself among their children, or sell it in difficult years unscientifically divided. A whole literature has been written in Russia on the subject, which, in spite of its one-sidedness, seems to justify these fears, for incontestable proofs have not been wanting that there have already been instances of abuse of rights to too large areas of land, too suddenly acquired. We cannot, of course, go into the details of this discussion, which has assumed very large proportions; we must limit ourselves to reproducing the general impression of a practical and impartial observer. The summary conclusions to be drawn at the present state of this highly important question, may be expressed as follows: it seems undoubtedly best to limit to a certain degree by revision of the law on peasants' succession, the liberty of the peasants to sell and divide their land. Even in countries where the farming population have more liberty and have attained a higher intellectual level, it has been necessary, as recently in Denmark, to establish at least minimum limits for areas of parcels and of the principal holdings, when it is necessary in cases of inheritance, to proceed to the division of the land (1). Similar provisions, adapted to the conditions of Russian farms, far from restricting, would undoubtedly contribute to encourage the work of farm readjustment, so happily commenced in Russia, and to assure its success.

Especially as regards the right to contract loans on mortgage of *nadiel* land, the legal provisions now in force in Russia undoubtedly are sufficient guarantee against any abuse. Mortgages on *nadiel* land can only be registered in favour of the Peasants' Bank, which only grants loans for purchase of land or justifiable farm improvements or other profitable undertakings. Thus all the loans correspond with an increase in the value of the farm; in any case, the increase of the comparative indebtedness caused by divisions due to the law of inheritance or through unscientific methods of farming, which is possible in Western Europe, where land credit pure and simple prevails, seems almost impossible in Russia.

On the other hand, we may, with every reservation, consider probable what has been repeatedly observed by certain Russian authors, that the exodus of the excess agricultural population to the towns will inevitably contribute, sooner or later, to increase the proletariat. Whilst the new agricultural reforms are opposed from this special point of view, it may be asked whether the old system of constant partition and the division of peasant

(1) The law of May 11th., 1897, in cases of subdivision, fixes the minimum limit of the farm at from 4 to 8 ha., according to circumstances.

farms into scattered parcels were not still far more to be deplored and if it were possible, generally speaking, to maintain it. It must be allowed, on the contrary, that that system was maintained absolutely as long as it was possible from the economic and political point of view, and that it was quite time to abandon it. Besides, except for colonization of Siberia, it was impossible to introduce any other agricultural system than that prevalent in Western Europe, with, perhaps, a few modifications to which we have referred and which we have given the reasons for; for, in view of the limited area of land fit for cultivation and the general conditions for the existence of mankind on the earth, in consequence of the increase of population, there is no economic system which will never present defects and will not finally lead to serious difficulties.

(b) The most important objections raised with regard to the practical carrying out of the new agricultural laws may be summarised as follows:

It is said that, in general, the comparatively excessive rapidity, in view of the technical means available, with which the labours of the land commissions have been so far conducted, has often injured the work and some of the surveying and readjustment is incomplete and will have, sooner or later, to be done over again.

Such haste in the conduct of the work will certainly diminish of itself and in the future the readjustment will be carried out at a normal rate.

Considerable advance, besides, has already been made in the surveying and readjustment. We see, however, that the specialists required for the technical completion of the work are still too few, so that it has often been necessary to employ as assistant surveyors young men who do not possess the necessary knowledge. It is rather to be wondered at that the 500 members of the land commissions have been able in so short a time to acquire even elementary notions of the art.

The technical errors committed by the land commissions are mainly due to too great anxiety to satisfy the special desires of the peasants; this is besides, justifiable in localities where work of this kind is carried out for the first time, as it is very important, in order to give the first impulse to a new organisation and rouse the peasants from the indolence in which they have lived for centuries, first to awake their interest and render them conscious of the advantage of being freed from the unfavourable conditions under which they live, all of which is sometimes only possible on condition of accommodating oneself to the peasants' point of view and making some concessions to them. If too formal a course is pursued and only the technical requirements considered, without regard to the wishes and ideas of the peasants, there is often a risk of provoking general opposition and the complete arrest of the work of farm readjustment throughout the region.

In addition to what we have just said, the principal defects and difficulties met with in the practical carrying out of the reforms may be summarised as follows:

(1) In accordance with the reiterated desires of the peasants, lots have sometimes been formed of several detached parcels (instead of forming one piece), on account of the diversified character of the land. Such deviations

from the rule might be avoided by granting comparatively larger holdings of a single piece of inferior soil to correspond with smaller areas of soil of good quality or by having recourse to sale by auction.

(2) The new holdings are often of too oblong a form; this form, it is said, is given them in order that there may be an equitable distribution of the various kinds of soil, or in order that the parcels may be in immediate proximity to watercourses. Especially in localities where water is not abundant or where the water is at too great a depth underground for the sinking of wells (and this is one of the geological peculiarities of the Russian plain), the parcels must be arranged in the neighbourhood of brooks or streams.

(3) The peasants generally insist on the maintenance of common meadows and pasture lands.

(4) Roads, streams of water and the configuration of the soil render scientific distribution and the farming of the land difficult.

(5) Communication and traffic between villages are made difficult through the want of roads and the bad state of those existing.

(6) The studies for the water supply are made in advance, which again gives rise to a series of technical errors in the work of the new farm readjustment.

Nevertheless, it may now be stated, finally, that the new farm readjustment has everywhere promoted the progress of agriculture, whilst the tentative efforts inevitable in all first attempts have been quickly followed by work scientifically and technically more complete. And this gives ground for hope that the new reforms will soon lead to a general improvement in the conditions of existence of the Russian peasants and will contribute to assure them of certain prosperity in the more or less near future.

All the progress dealt with in this part of our study naturally suffers from the State having laid it down for all districts that the peasants must buy the farms necessary for their existence, granted them out of the Crown Lands. And, since as a general rule the peasants have not enough ready money, the above principle is equivalent to an obligation for them to mortgage to the Peasants' Bank the land they possess or purchase, up to its full value. So the indebtedness of the peasants to the Bank has increased from 500,000,000 roubles at the commencement of the work of farm readjustment (1907) to 1,000,000,000 roubles. It is true that the manifesto of November 3rd./16th, 1905, relieved, as we have seen, the peasants of a total debt of more than 1,500,000,000 roubles; but it is evident that since then a new mortgage debt of more than 500,000,000 roubles has been incurred by them. Details relating to this matter will be found in our article in the number of the *Bulletin of Economic and Social Intelligence* for September, 1911, dealing with land credit and agricultural indebtedness in Russia.

Finally, it must be observed, we think, that, even without considering this drawback, the purchases of landed estates and their division among the Russian peasants, while considerable, will only suffice for a time to meet the increasing demand for peasant farms, as, in spite of the extraordinarily large area of land still available, the possibility of new purchase of land in Russia

in Europe is very limited and confined to special localities, for the peasants clearly can only round off their holdings with land adjacent to them and it is just in the regions where the need for increasing the holdings is greatest that land is least available; finally, the available land is in part situated where its utilisation for agriculture is impossible on account of the climate or the nature of the soil.

These considerations would lose nothing of their value, even were the proposals of the socialist deputies of the first Duma followed, and the large estates expropriated purely and simply. Even such a radical measure would scarcely succeed in improving, however little, the situation of the small farmer of South West and Little Russia, for it is just in those parts of the Empire, where the peasants most feel the insufficiency of their lots, that the large estates have only a comparatively small area. However it be, the large estates all considered, including the nobles' estates (in 1910 about 50,000,000 deciatines), would hardly suffice, in view of the rapid increase of the population to meet the need of land by the peasants, for the next fifty years.

Independently of the improvement of the method of farming, the peasants' land by means of intensive cultivation, there is only one means of meeting the difficulty: colonisation, on a large scale, of the vast waste regions of the Empire, especially in Central Asia and Siberia. The Russian Government has long understood this; and to crown its great work of farm readjustment, dating from 1906, it has organized the free immigration of peasants to Siberia, instituting a "Special Board" at St. Petersburg; at the end of the nineteenth century, this movement of immigration into Siberia had assumed considerable dimensions, owing to the distress of the small farmers in certain parts of European Russia.

This movement of the population, which is not only immediately connected with the Russian Land Reform of 1861, but must be, as far as can be foreseen, the final solution of the whole movement of the peasants and the question of peasant farms, deserves to be studied separately and with greater attention. Such a study, however, would exceed the limits of this section and we are obliged to refer our readers, for the details of chief importance to the well known *Mémoire* of MM. Stolypine and Krivoscheine, of which a German edition has recently appeared (1).

(1) "*Die Kolonisation Sibiriens*" (Colonisation of Siberia), Berlin, 1912. Pauw.







(c) Publications of the Bureau of Agricultural Intelligence and Plant Diseases.

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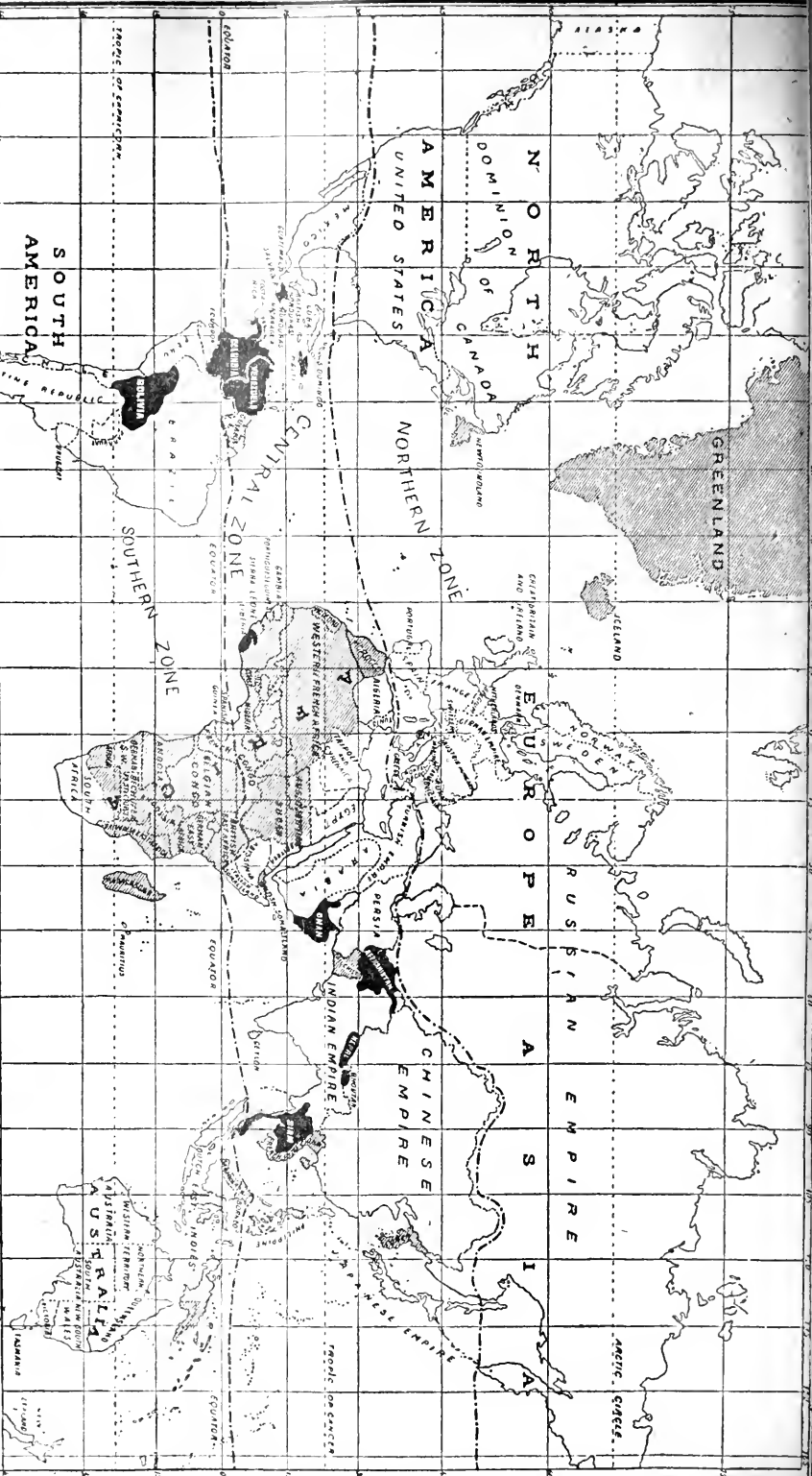
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### EXPLANATION

- Countries and Colonies adhering to the Convention of the 7th June 1905.
- Colonies and Protectorates of the adhering Countries.
- Non adhering Countries.
- Line showing geographical zones established by the Institute in order to facilitate the collection of Statistics.

by which the International Institute of Agriculture was founded.

INTERNATIONAL INSTITUTE OF AGRICULTURE  
BUREAU OF ECONOMIC AND SOCIAL INTELLIGENCE

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MONTHLY BULLETIN  
OF ECONOMIC AND SOCIAL  
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38th. VOLUME \* \* \* \*

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\* \* \* FEBRUARY 1914

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# Part I: Co-operation and Association

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## GERMANY.

### MISCELLANEOUS NEWS.

I. — STATE AID TO AGRICULTURAL CO-OPERATION IN THE GRAND DUCHY OF HESSE. — To help the agricultural co-operative societies struggling against difficulties originating in the circumstances already dealt with by Dr. Gra-bein in the December number of the *Bulletin of Economic and Social Intelligence*, the Government of the Grand Duchy of Hesse has placed at their disposal a rather considerable amount of money. A Government Bill, by which the State grants the Central Bank of the Agricultural Co-operative Societies of the Grand Duchy of Hesse (*Zentralkasse der hessischen landwirtschaftlichen Genossenschaften*), recently founded at Darmstadt, a loan of a million marks at 3 ½ %, redeemable in 20 years, has passed through both Chambers of the Diet. Besides this, the State is opening a credit to the above bank, of 2,000,000 marks at a rate of 1 % below the rate of discount of the Imperial Bank, the minimum being fixed at 4 %.

This loan is intended in the first instance for the assistance of co-operative societies in financial difficulties in consequence of the failure of the former Agricultural Central Bank (*Landwirtschaftliche Genossenschaftsbank*), but with still enough vitality to be able to prosper, if sufficiently supported. The loan must also serve to facilitate payment by the poorer members of the additional calls on their shares, necessitated by losses due to the failure of the Central Bank. The balance of the loan in this and future years will be used to increase the working capital of the new Central Bank. Thus, all the societies affiliated to the Central Bank will be benefited in some degree by a reduction of the rate of interest.

As to the special conditions to which the grant of this State assistance is subject, and above all with regard to the security for the loan, an

agreement has been come to between the Government and the Central Bank and approved by the Diet. The principal article in this agreement is that the Central Bank must be subject to State supervision until the loan has been completely repaid.

The powers of the State Commissioner appointed by Government to exercise this supervision are defined in the articles of the agreement. The Central Bank will have complete freedom of action and will be entirely responsible for the management. The State may intervene directly in the management of the Bank only when the investment of the loan is concerned. In all other instances, the State Commissioner may attend the meetings of the executive bodies of the Central Bank, and speak without voting and perform acts of general supervision, in accordance with the law on mortgage banks, as far as they are affected.

The State assistance is not only and above all intended for the assistance of the Central Bank, but indirectly for that of all the co-operative societies affiliated to it. Thus the State Commissioner has the right personally to inform himself with regard to the working of the societies benefiting by the advantages derived from the State loan. For this purpose, he will rely principally on the reports of the inspections carried out by the Federation of Agricultural Co-operative Societies of the Grand Duchy of Hesse. He will also be authorized, in case of need, to obtain the information he requires by means of enquiries held on the spot. He will have authority to require that the faults he discovers be corrected and, if they are not, he may submit a complaint to the competent authorities; in certain cases, he may even demand the cancellation of the loan granted.

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2. REFORM OF THE RULES OF THE CENTRAL FEDERATION OF GERMAN AGRICULTURAL CO-OPERATIVE SOCIETIES. — The nineteenth Congress of Agricultural Co-operation, held at Wiesbaden on July 17th. and 18th., 1913, decided on the introduction of important changes in the organization of the National Federation of German Agricultural Co-operative Societies. These changes, which came into force on September 20th., when the new rules were entered in the register of the co-operative societies, at Darmstadt, were necessary on personal grounds and because the circumstances required them.

The Federation, which just last year completed the thirtieth year of its existence, had made extraordinary progress during the period. Although the 12 Raiffeisen federations, with, in round numbers, 5,350 societies, withdrew from it, in consequence of the cancellation of the agreement entered into in 1905 between the National Federation of German Agricultural Co-operative Societies and the General Federation of German Rural Co-operative Societies (Raiffeisen), on June 30th., 1913 the National Federation

included 29 regional and provincial federations with 15,930 members. Almost 60 % of the whole number of German Agricultural Societies, 27,192 on June 1st., 1913, according to the Statistics of the National Federation, are therefore affiliated to the above federation. Except for the Raiffeisen Federations, there is only a small number of national and provincial federations that do not belong to this union.

In spite of the extraordinary progress made by the Federation, its organization has remained always almost the same during these thirty years. Certainly, some changes and important innovations have been introduced into it, such as the formation of a Board of Management and Special Committees, in 1900, but the most important provisions of the original rules, concerning representation, management and working, have, so to say, remained the same. All these matters were in the hands of the business manager, who, since 1913, bears the name of General Director (*Generalanwalt*) and it may be said that the whole National Federation was concentrated in him. This system certainly presented great advantages, above all as long as the principal task of the National Federation was the formation of the German agricultural co-operative organization, and as long as it had at its head a man of extraordinary organizing talent, such as the late General Director Haas.

But now that the National Federation includes some 16,000 societies and their federations are firmly constituted, we may say that the organization period is passed. It is now necessary to consolidate the existing institutions, effectively apply the co-operative principles universally recognised, and cause the rural population to be penetrated by the real spirit of co-operation. This is a task both important and necessary to accomplish, as is shown, by the recent events that have occurred in the Grand Duchy of Hesse, where negligence in the application of fundamental principles has led to a serious crisis in agricultural co-operation (1). To prevent the repetition of such errors, as Dr. Havenstein, Manager of the Federation of the Agricultural Co-operative Societies of Rhenish Prussia, said so well at the General Congress, the most lively sentiment of responsibility and duty must reign everywhere, as a check to any temptation to lose sight of the real object of the co-operative society and involve it in dangerous speculation. The sentiment of responsibility and duty is obscured and declines where everything is concentrated in the hands of one person whom all follow blindly. Very serious loss may result from this, for a single individual is more easily a victim of error than a group. The changes that have now been introduced into the rules are the result of tendencies that have existed for years within the National Federation.

The desire was in this way to change the personal system up to the present existing into a real system of self government. Although it is but a little while, since the death of the former general director, this is only the

(1) Cfr. the preceding article, and that by Dr. Graben in the *Bulletin of Economic and Social Intelligence*, December, 1913.

realisation of initiatives already discussed by the Board of Management and in the General Committee, and even formulated as really definite proposals in the latter months of the life of Wilhelm Haas and with his approval.

The General Congress unanimously approved the proposals of the Board of Management and the General Committee, without the introduction of any amendments. The most important of these proposals are the following:

By the new rules, the executive authorities of the National Federation are: the General Congress, the General Committee, the Board of Management, the Director and the Special Committees.

The Director (*Anwalt*) shall be an employee paid by the National Federation and be subject to the supervision of the Board of Management. He shall no longer be appointed by the General Congress, but by the General Committee, on the proposal of the Board of Management. In the conduct of the business of the National Federation, he must conform to the rules, the business regulations and the contract in accordance with which he is appointed. Thus, his position is considerably changed. From being an independent head, as was the former General Director, who, as President of the National Federation, of the Board of Management and of the General Committee, concentrated in his own hands all the powers of the Federation, he has now become a dependent employee.

The provisions regarding the composition and powers of the Board of Management (*Verwaltungsrat*) have undergone a similar change. According to the old rules, the board only acted as permanent adviser to the General Director. Now, on the other hand, it will supervise the whole conduct of the business of the National Federation, and in this way also the action of the Director. Besides this, it has been established that the Director may indeed be a member of the Board of Management, and the General Committee, but may not be president of either. The central management of the National Federation is entrusted to the Board of Management, the president of which must also represent the Federation.

The powers of the General Committee (*Gesamtausschuss*) have also been considerably extended. It appoints its own president and two vice-presidents, chosen from among the managers of the affiliated provincial federations. The same persons are at the same time presidents of the Board of Management and of the General Congress. In addition, the General Committee appoints three other members of the Boards of Management and their three deputies, who, when necessary, are invited to attend the meetings.

The provisions relating to the Special Committees (*Sonderausschüsse*), existing for co-operative credit, co-operative purchase and sale of goods, and co-operative dairies have been changed and the powers of these committees considerably enlarged. First of all, every committee has a right to appoint its own president, whilst formerly the president was the General Director or his deputy. Now the Director can only speak at the meetings and not vote. The numbers of the members of the Special Committees has also been increased, for now, not only may the central co-operative societies of the particular class of business be represented, but also every



federation. The duty of the Committees is to discuss matters of common interest in relation to their class of business, and to make proposals to the General Congress in connection therewith. All the decisions of the Committees must be approved by the General Committee.

No important changes have been introduced in the provisions relating to the General Congress of members of the National Federation (*Deutscher landwirtschaftlicher Genossenschaftstag*), which generally meets each year.

In addition, it was decided to transfer the head quarters of the National Federation from Darmstadt to Berlin, and this was done on October, 1913.

Conformably with the new rules, the competent authorities have appointed as President of the General Committee and consequently of the Board of Management, Herr Johannsen, Landesökonomierat, of Hanover, formerly Vice-General Director; as first vice-president, Herr von Brockhausen, of Stettin, Landrat; as second Vice-president, Baron von Freyberg-Eisenberg, of Zetzendorf. Herr Gennes, Legal General Secretary in office, has been appointed Director (*Anwalt*).

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3. — THE ADVISABILITY OF THE CO-OPERATIVE VITICULTURAL SOCIETIES (*WINZERGENOSSENSCHAFTEN*) SELLING THEIR WINE BY AUCTION. — In an article in the *Rheinisches Genossenschaftsblatt*, summarised by the *Deutsche Genossenschaftspresse* of December 15th., 1913, p. 523, the advantages of the sale of wine by auction both for the farmers and the trade is discussed. It is said there that the viticultural co-operative societies (*Winzervereine*), considering their sales, have not obtained as good prices as the large viticulturists, as will be seen when comparison is made of the results obtained by the latter by means of sale at auction and the prices realised by the societies.

The average prices der Fuder (1,017 litres) were as follows:

Years	Sales by Auction	by 12	Prices Realised
	at Treves	Co-operative Societies	of the Moselle and the Saar
	Mks.		Mks.
1900 . . . . .	2,911		470
1901 . . . . .	946		541
1903 . . . . .	940		501
1904 . . . . .	3,418		690
1905 . . . . .	1,866		625
1906 . . . . .	1,959		745
1907 . . . . .	1,189		621
1908 . . . . .	2,096		599
1909 . . . . .	1,626		594
1910 . . . . .	1,549		946
average for 10 years	1,849		633

From these figures we see that in 1900, 1904 and 1908, which were good years, the sales by auction gave good prices, whilst the co-operative viticulturists' societies did not succeed in realising equal amounts. What is above all surprising is the enormous difference between the prices realised, neither to be explained by the better position and cultivation of the vineyards, nor by a better treatment of the wine. In fact, the owners of small and medium sized vineyards, possess land in the best positions and the grapes are selected with as much care by members of co-operative societies as by large proprietors. It is inferred from this, that sale by auction is a good method to employ to increase prices, so that the viticultural co-operative societies should be advised to unite to form societies for the sale of wine by auction.

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## DENMARK.

### RECENT PROGRESS

#### OF THE CO-OPERATIVE DISTRIBUTIVE ASSOCIATIONS (1).

With reference to the detailed account published by us in the number of this Bulletin for September, 1911, on the development and situation of the Danish co-operative distributive societies, we shall give below the essential results of the work of the *Common Union* of these co-operative societies in the year 1912, (the corresponding information for the year 1911 is published in our number for September, 1912).

On December 31st., 1911, 1,286 associations (2) or almost all those existing in Denmark, belonged to the *Common Union*. The number of their members was 181,326.

A year later, on December 31st., 1912, 23 other associations had united with these. It will be seen from the following few figures, what advance this movement has made since 1896.

	Number of Associations Affiliated to the Union	Total Business Done in Millions of Crowns
1896. . . . .	310	4.2
1903. . . . .	852	19.8
1905. . . . .	1,029	26.3
1910. . . . .	1,259	46.1
1911. . . . .	1,286	48.8
1912. . . . .	1,309	55.5

Their reserve funds, which on December 31st., 1910 amounted to 2,775,000 crowns, on December 31st., 1911 amounted to 3,250,000 crowns and on December 31st, 1912 to 3,557,000 crs.

The Common Union is not exclusively engaged in commerce ; the attention it gives to industry is fairly considerable. The following table gives an idea of the importance of the business operations of its various departments :

(1) These notes have been forwarded to us by our Copenhagen Correspondent.

(2) Figures given by the *Common Union*. These figures do not quite correspond with the results of the census of 1910 (*Statistisk Aarboeg*, 1912, p. 136) owing merely to a different standard being taken.

*Commercial Activity.*

	Total Operations in Millions of Crowns			
	1912	1911	1910	1909
Colonial Produce Department . . . . .	38.95	34.05	32.84	29.90
Manufacturing    "    . . . . .	3.96	3.57	3.00	2.68
Implements       "    . . . . .	3.21	2.92	2.62	2.37
Seed               "    . . . . .	2.40	2.13	2.17	1.75
Timber            "    . . . . .	0.18	0.13	0.15	0.14
Wine               "    . . . . .	0.23	0.21	0.19	0.20
Heavy Goods      "    . . . . .	0.27	0.22	0.22	0.21
Cycles            "    . . . . .	0.14	0.09	0.15	0.16
Total . . . . .	49.34	43.32	41.34	37.61

*Industrial Activity.*

	Total Operations in Millions of Crowns			
	1912	1911	1910	1909
Coffee Roasting . . . . .	2.49	2.14	1.76	1.57
Chocolate Making . . . . .	0.53	0.47	0.44	0.39
Sugar Refining . . . . .	0.27	0.23	0.22	0.19
Tobacco and Cigar Factory . . . . .	0.70	0.64	0.57	0.52
Rope Making . . . . .	0.43	0.36	0.34	0.34
Soap Making . . . . .	0.93	0.90	0.81	0.73
Technical Chemical Factory . . . . .	0.24	0.22	0.20	0.17
Knitted Goods Factory . . . . .	0.13	0.13	0.09	0.08
Spice Milling . . . . .	0.28	0.25	0.23	0.19
Tea Department . . . . .	0.15	0.14	0.14	0.13
Total . . . . .	6.15	5.48	4.80	4.31

As we see, there was an increase in the amount of business in every department in 1912, and the profits, which in 1911 were 2,706,000, crs., amounted in 1912 to 2,846,000 crs., or 140,000 crs. more. But, in comparison with the total business done, the profits were less in 1912 than in 1911, owing to the prices being less favourable. And in 1912 the associations belonging to

the Union only received 5 ½ % on the 38,565,000 crs. (amount of purchases giving right to dividends), whereas in 1911 they received 6 %.

Finally, we reproduce the balance sheets of the Union for January 1st., 1911, 1912 and 1913.

*Balance Sheet of the Common Union.*

*Credits.*

	Millions of Crowns		
	1913	1912	1911
Stock of Goods . . . . .	6.23	5.99	5.05
Cash . . . . .	0.05	0.05	0.06
Fixtures . . . . .	0.39	0.27	0.38
Land . . . . .	3.51	3.15	3.13
Various Debtors . . . . .	8.44	7.60	6.62
Total . . . . .	18.62	17.06	15.24

*Debits.*

	Millions of Crowns		
	1913	1912	1911
Co-operative Account . . . . .	0.77	0.76	0.68
Reserve Funds Account . . . . .	3.66	3.25	2.78
Dividend Account . . . . .	0.20	0.16	0.15
Loans Account . . . . .	2.91	2.77	2.63
Insurance Account (against Fall in Prices) . . . . .	0.20	0.20	0.20
Depreciation of Value of Buildings . . . . .	2.50	2.25	2.00
Insurance Account (Seed) . . . . .	0.07	0.07	0.07
Insurance Account . . . . .	0.10	0.10	0.10
Renewals . . . . .	0.50	—	—
Loans on Land . . . . .	1.34	1.35	1.37
Various Creditors . . . . .	3.49	3.36	2.87
Balance from Previous Year . . . . .	0.03	0.08	0.04
Net Credit Balance . . . . .	2.85	2.71	2.35
Total . . . . .	18.62	17.06	15.24

## UNITED STATES.

### I. THE CO-OPERATIVE MOVEMENT IN WISCONSIN.

#### SOURCES:

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- CAMPBELL, (R. A.): CO-OPERATION IN WISCONSIN. *American Review of Reviews*. Vol. XLVII, No. 4, 1913.
- POWELL, (G. H.): CO-OPERATION IN AGRICULTURE. New York: The Macmillan Co., 1913.
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#### § I. EARLY CO-OPERATIVE SCHEMES.

Before examining the present-day development of co-operation in Wisconsin it will be interesting to glance at the history of two earlier attempts at co-operation, widely different from each other and from any form of agricultural co-operation which exists to-day in the State.

#### *The Wisconsin Phalanx.*

The first of these is a co-operative community known as the Wisconsin Phalanx, founded in 1844 by enthusiastic disciples of Fourier, which existed for a period of six years, and was the most successful of the many Fourierist communities founded in America between 1840 and 1850.

The colony purchased from the Federal government 1,700 acres of good land near where the village of Ripon now stands, and took possession of it in May, 1844.

The first year was one of hardship and privation, but from the beginning the Colony was a financial success, and at its voluntary dissolution in 1850 was paying 8 per cent. to capital, and providing every member with a comfortable living. Each year the property was appraised, and one-fourth of the ascertained profits given to capital, the remaining three-fourths being distributed among the members according to their hours of labour as registered in the books. There was a common dining-room where the majority

took their meals, though members who preferred to do so could eat in their own apartments. Each member was charged board and lodgings at cost price, which never exceeded 75 cents per week. Though the community was a small one comprising only about 180 persons belonging for the most part to the working classes, it was not without its men of ability. Three of its members were State Senators one of whom was a candidate for the Governorship.

More than thirty co-operative communities were founded in the United States within a few years of the founding of the Wisconsin Phalanx. Each venture in turn came to an untimely end, ascribing its failure to debt, or poor land, or sickness, or to litigation over property rights, disputes over leadership, or religious dissention. The Wisconsin Phalanx had none of these difficulties to contend with; yet it failed with the rest. Noyes, in his *History of American Socialisms*, concludes that the verdict must be that it "died by deliberate suicide, for reasons not fully disclosed."

The history of the Phalanx is instructive in view of the fact that we shall presently be examining a modern scheme for a co-operative neighbourhood, and we shall thus be able to see how far, and in what direction, the co-operative idea has travelled since 1850.

### *The Purchasing Agent System.*

The first real attempt at co-operation among Wisconsin farmers was the Grange organization for co-operative purchase through appointed State agents. From about 1870 to 1877 the National Grange devoted most of its energy to the formation of these purchasing agencies, and these years cover both a sudden rise to power and an equally sudden decline of the Grange as a national organization. In each State the subordinate Granges combined to support an agent who assembled the orders of the local associations and bought wholesale, in carload lots whenever possible, from the manufacturers who offered the best terms. Staple supplies for the farm and the home — wood, oil, nails, wire, tea, coffee and sugar — were bought in this way at a substantial saving to members. The number of members in Wisconsin and the value of the orders placed for the six years from 1875 to 1880 were as follows:

Year	Number of Members	Value of Orders
1875 . . . . .	18,653	\$ 38,194
1876 . . . . .	18,427	115,882
1877 . . . . .	17,640	164,445
1878 . . . . .	7,093	86,391
1879 . . . . .	5,526	61,334
1880 . . . . .	4,651	55,560

In 1878, as we see, the amount of business done, compared with the previous year, diminished by one-half; and the number of members fell from 17,000 to 7,000. In practically every State the scheme was unfortunate, and in 1877 the National Grange had, in fact, issued the following recommendation relative to state purchasing agencies: "There have been more failures than successes; . . . we advise the discontinuance of any now in existence". The scheme certainly did not give satisfaction in Wisconsin, and the complaints seem to have related chiefly to the unsatisfactory quality of the goods supplied, the delay in executing orders, the smallness of the saving effected, and the requirement of cash payment with the order.

The Agent, in a letter to the State Bureau of Labour, written in 1885, said: "The saving to patrons naturally varies according to the advantages in their own local market. We are able to save them 25 per cent. on many things. . . . Farmers use this agency as a bureau of information more than anything else. . . . Perhaps out of ten inquiries we get one order. The information imparted in the other nine out of ten letters is used to enable the correspondent to buy more intelligently and to better advantage at home."

The real reason for failure seems to have been, that those who had most need to save could not pay cash, and enjoyed credit only with the local traders, while the farmers in a position to pay promptly preferred to buy locally, with the advantage of seeing the goods before buying and the added convenience of immediate delivery.

The Wisconsin agency was still doing business in Milwaukee in 1886, and was still, apparently, furnishing useful information to farmers with little profit to itself.

## § 2. PRESENT DAY CO-OPERATION.

In Wisconsin at the present day agricultural co-operation is relatively highly developed. Practically every form of co-operation, except co-operative credit, is represented, and the exception is one which would have to be made for every State in the Union. Propagandist institutions, public and private, work well together, and Wisconsin is one of the few States which have passed special acts dealing with co-operative societies. Many different forms of co-operative enterprise have been initiated independently and have achieved success, each on its merits, and without the guidance of any central institution. But it is now recognized that further progress depends largely on the successful centralization of available forces, on the federation of independent societies and the creation of joint associations for propaganda and instruction. This awakening to the present-day needs of the movement is without doubt due, in no small measure, to the influence of Sir Horace Plunkett who has twice addressed the State Legislature and



has held conferences with the Governor, the President of the University and the Dean of the College of Agriculture. The Governor in his message to the Legislature of 1913, strongly urged the introduction of co-operative rural credit and the creation of a central organization to assist and instruct legitimate co-operative associations.

(A) *Organizations for Propaganda and Instruction.*

Two voluntary associations — the American Society of Equity and the Right Relationship League — are responsible for the initiation of many of the existing co-operative enterprises. The Right Relationship League which now has its headquarters in Minneapolis confines its efforts to organizing and supervising co-operative distributive stores. In return for its services in organizing local societies the League receives a commission of one dollar per shareholder, and in some cases, for services rendered in connection with the actual business of the store, it receives a small commission on the sales. It undertakes the periodical audit of the books at a moderate fee and, in the interests of the movement publishes a monthly journal entitled *Co-operation*. The League, however, accepts no financial responsibility in connection with any local society: it is an independent association, not a federation or union.

The co-operative store movement has developed almost exclusively in the country districts. There are at present some 40 co-operative distributive stores in Wisconsin, all established within recent years, and very few of them are in towns of any size.

Between 1870 and 1880 the Grange established distributive stores at various points in Wisconsin, notably at Brandon, Brodhead and Milwaukee. These were nearly all short-lived, and without doubt the chief reason for their failure was the lack of expert supervision and the absence of a satisfactory central organization. The Right Relationship League furnishes just such an organization, and the movement seems to have entered on a new and more successful phase.

The American Society of Equity confines its activities to instruction and propaganda, more particularly in connection with co-operative methods of marketing farm produce. Directly or indirectly it is responsible for much of the co-operative spirit and activity in Wisconsin, and has been instrumental in promoting the establishment of co-operative elevators, creameries, and associations for purchase and sale. Branches of the Society were founded in Wisconsin in 1903, and the Wisconsin State Union was formed in January, 1906. In 1909 the Union founded a State paper under the title of the *Wisconsin Equity News*. In 1912 the Society had over 10,000 members in Wisconsin.

The passage of the Wisconsin Co-operative Act (Chap. 368, Laws of 1911) was secured by the combined efforts of the Society of Equity and the Right Relationship League, and a working agreement between the two associations was signed in May, 1912.

The work of the State College of Agriculture is a factor of considerable importance in the progress of agricultural co-operation and rural organization in general. The College, through its Extension Division, is studying problems of marketing, and, at the suggestion of the State Board of Public Affairs, has established a professorship of agricultural co-operation and marketing.

The State Dairymen's Association, a semi-public organization partly supported by State funds, takes an active part in promoting co-operation by organizing and managing cow-testing associations. At the present time the Association is testing about five thousand cows for quality and quantity of milk produced, a work of immense importance to the agricultural prosperity of the State, which depends to a very large extent on its production of butter and cheese.

The State Board of Public Affairs is doing valuable work in carrying out investigations in connection with co-operative marketing, rural credit and allied questions. Though only recently established it has already published the results of more than one important enquiry.

### (B). *Co-operative Societies and Associations.*

Until 1911 no special legislation affecting co-operative societies existed in Wisconsin, and a very large number of the existing societies, therefore, are either registered as ordinary companies with shares or are unregistered and have no definite legal status. The absence of special legislation does not appear to have proved a serious handicap to the success of any well-directed co-operative enterprise, but the passing of a special Act in 1911 enables the societies to escape from their somewhat doubtful legal position, and will lead to the better organization of the co-operative movement.

The branch of agricultural co-operation most characteristic of Wisconsin and the North Central States generally is the co-operative creamery or cheese factory, and it will be convenient, therefore to refer to this form of co-operative enterprise first.

#### 1. — *Creameries and Cheese Factories.*

In 1909, according to the figures of the State Board of Public Affairs, the year's production of milk, butter and cheese in Wisconsin was valued at 79 million dollars, so that the question of co-operation in the dairy industry is of outstanding importance. The official returns for 1911 give the number of co-operative creameries in the State as 947 out of a total for all creameries of 1,000, and the number of co-operative cheese factories as 244 out of 1,784. According to these figures about one-fifth of the existing machinery for centralized production is co-operatively owned.

The existing societies are variously and somewhat loosely organized, and there is no strict definition of what constitutes a co-operative society. Many of them are vaguely described as managed "on co-operative lines", and it is evident that the lines are not very strictly drawn. And their management, purely as business enterprises, must be considered in relation to the fact that they are, or purport to be, co-operative undertakings.

From an enquiry made by the State Board of Public Affairs and covering 169 co-operative creameries it appears that in nearly half of the societies the voting is by shares. Few of the societies make any attempt to increase their working capital by adding to it out of the profits earned, and only a very small proportion of them provide for depreciation.

In the actual working of the creameries, while most of the societies aim at securing a high standard of freshness and purity in the milk supplied, less than half of them use the butter-fat test. Apparently no steps are taken by creamery societies to build up uniform herds of any particular dairy breed. Only 7 per cent. of the societies reported that they had taken combined action with other societies to secure higher prices and lower freight rates. Conditions are almost precisely similar in co-operative cheese factories. There is, among them, the same failure to strengthen their financial position by saving out of the profits of each year, and in the working, there is the same neglect of the butter-fat test.

The co-operative creameries have to meet the keen competition of private companies owning central creameries which are supplied with cream from a large number of skimming stations scattered over a wide territory. The skimming stations may be from five hundred to seven hundred and fifty miles from the factory, which is able, therefore, to draw supplies from three or four States. The cream is usually shipped in refrigerator cars. The farmers deliver the milk and receive payment at the skimming stations and have, as a rule, no further interest in the business. The creamery companies employ highly-skilled butter makers and experienced business managers, and with an average annual output for the largest creameries of from fifteen to twenty thousand tons of butter, are able to build up a well organized marketing system. They are at a disadvantage compared with the farmers' co-operative creamery as to the quality of the cream with which they have to deal, as this reaches the central factory in a very mixed condition and it is difficult under these circumstances to produce a uniform grade of butter.

With reference to the farmers' co-operative creameries in the North Central States generally, Mr Harold G. Powell says: "The most serious weakness in the co-operative creamery movement is the fact that each creamery usually acts as a unit in the manufacture of butter, in the purchase of supplies, in the development of markets and in the distribution and sale of its products. The co-operative creameries, like the North Western apple-grower's associations, need to create a number of central co-operative agencies, one, for example for each State or other large geographical division, to act for them at cost in purchasing supplies

and in the distribution and sale of their products. In no other way can the situation in either case be met effectively”.

## 2. — *Cow-testing Associations.*

In May, 1912, there were in Wisconsin 11 cow-testing associations with 287 members and 4,465 cows under test. The members contribute one dollar for each cow tested and the State makes an appropriation of \$ 3,000 a year to the Wisconsin Dairymen's Association which employs a Superintendent to organize the societies and supervise their working. The Superintendent trains men as testers, and, unfortunately, the training of new men to replace those who leave to take up other occupations, occupies much of his time and impedes the work of organizing associations.

A tester visits each herd once a month and tests and weighs the milk produced by each animal. From the days' results he calculates the production of milk and of butter-fat for the month. The Dairymen's Association keeps full year records of each herd under its supervision, and is thus able to assist each owner in eliminating unprofitable cows, and to advise him as to breeding suitable strains from selected animals.

The efforts of the Association have met with results which at first sight appear somewhat discouraging. During the first six years of the Association's work, from 1905 to 1911, 1,452 dairymen joined in the work and 17,548 cows completed a year's record. As there were only 287 members of cow-testing associations in 1912, many dairymen after joining the movement must have deserted it. Many owners, in fact, after the first testing of their herds, found that so many of their cows were unprofitable that it was useless to continue testing until practically the whole herd had been renewed. They discontinued their subscriptions for a time with the intention of beginning testing again with improved herds. Others, finding the records of their animals low, discontinued testing because they were afraid the poor records would prejudice their chances of selling animals out of the herd.

The real reason, however, for the slow development of this form of co-operation probably lies in the fact that the farmers in the State are not yet convinced of the utility of the testing system. It takes a number of years to effect a marked improvement in a herd, but as results will be more clearly demonstrable year by year, it is more than probable that the number of testing associations will increase steadily if not rapidly.

## 3. — *Co-operative Elevators and Warehouses.*

In 1911 there were 38 farmers' co-operative elevators in Wisconsin. This is relatively a small number as there were then 327 in Iowa, 315 in North Dakota and 266 in Minnesota, but the amount of grain grown in Wisconsin is small compared with the amount grown in those States.

The farmers established co-operative elevators to escape from the unfair conditions dictated by the monopolistic combines which secured control of most of the existing elevators about the year 1900. These combines — the "line" companies as they are called — are said to have practised every known form of discrimination with the object of crushing competition. They were seconded by the railways which gave the combines rebates on freight and impeded in a variety of ways the business of the independent dealers. Farmers began to build co-operative elevators about 1900 and in spite of fierce opposition from the combines and the railways, nearly 1,700 co-operative elevators had been established in the United States by 1911.

The farmers' associations owning or leasing these elevators are generally organized as companies under the ordinary company laws of the State, but a member's holding of shares is limited, and in some cases each member has one vote irrespective of the number of shares he may hold. The amount of capital subscribed varies from \$ 2,500 to \$ 20,000 in shares of from \$ 10 to \$ 100 nominal value. The members, who are always grain-growers, are under contract to sell to the association, though they may sell to a dealer who offers a higher price on condition that they pay over a portion of the enhanced price to the association; and as long as this condition is loyally fulfilled a competitor who outbids the association with the idea of crushing it is, in fact, contributing to its support. Any surplus on the season's working is distributed among the members, either as dividend on shares or on the basis of their sales to the association. Where competition is keen a co-operative association does not attempt to make profits, but is content to cover operating expenses alone, and can thus pay prices for grain which enable it to hold its own against any outside trader or capitalistic company.

Co-operative warehouses for the storage and sale of potatoes have been established in Wisconsin very much on the lines of the co-operative elevators. Their organization is not promoted by any central association; one community adopts the idea from another which has made a success of the venture, and the movement grows steadily. In 1911 there were potato warehouses at more than 20 points in the State, and there were a few co-operative warehouses for the storage and sale of tobacco. Most of these warehouse associations act as general purchasing agencies in the matter of farm supplies for their members.

#### 4. — *Livestock Shippers' Associations.*

Though livestock breeders' associations are numerous in Wisconsin, associations for the co-operative sale of livestock, which might be expected to work effectively in connection with breeders' associations, are as yet few in number. Within the last four years, however, livestock shipping associations have been formed at some fifteen or twenty points in the State. The associations aim at eliminating the local buyers who make large profits on the operation of buying from the farmers, and re-selling in the great

central markets. The farmers have now found that by combining to pay a manager and ship their own stock in carload lots, they can effect large savings. Such an association needs practically no capital: success depends chiefly on correct book-keeping and on the regular despatch of well-graded shipments to market. In the neighbouring state of Minnesota where this form of co-operation is more widely developed, a central association has already been formed to promote the formation of new societies and study the question of better methods for the adoption of the local societies. In Wisconsin, which like Minnesota is one of the important livestock producing states, the movement is capable of immense development.

### 5. — *Fruit Growers' Associations.*

The oldest fruit growers' association in Wisconsin is the Sparta Fruit Growers' Association, formed in May, 1896. Starting with 75 members it proved very successful and has now a membership of 285 and a capital of \$6,000.

In 1911 it sold fruit, chiefly strawberries, to the value of \$50,000. So far the method adopted has been to sell through commission men who charge the association 7 per cent. on gross sales.

Other co-operative selling associations in the State are the Door County Fruit Exchange, the Bayfield Peninsula Fruit Association, and the Wisconsin Cranberry Sales Company.

The Cranberry Sales Company, though it has only forty members throughout the State, is very strongly organized, and is a branch of the American Cranberry Exchange, which is responsible for marketing practically the whole of the United States cranberry crop. During the season of 1911 the Wisconsin Cranberry Sales Company sold 90 per cent. of the total crop, amounting to 33,000 barrels of fruit, through the Exchange, at a price which yielded the growers just over \$6 a barrel. The Exchange remits 80 per cent. of the receipts from each sale to the Company, retaining 20 per cent. until the end of the season when the whole amount, less operating expenses and a small contribution to a sinking fund, is handed over to the company. Operating expenses, from season to season, amount only to from one-tenth to one-eighth of the gross receipts—a remarkably good record in the marketing of perishable fruit.

### 6. — *Mutual Telephone Associations.*

In 1912 there were in the State 309 mutual telephone associations known to the Railroad Rate Commission, but as only those associations which charge a rate to non-members are compelled to furnish reports, the figures are probably incomplete.

These 309 associations were serving 21,049 rural families, giving an average of 68 members to each association. Most of the associations are

registered companies which have grown out of the combination of several groups of farmers each of which groups owned a small telephone system constructed as a rule by the farmers themselves. When the territory of one group began to overlap the territory of the others, a registered company was formed to solve the question of fixing rates to cover the cost of maintenance and repairs. The reports show, however, that there is need for a better system of audit and for a more satisfactory organization providing for the charging of a rent to all subscribers, sufficient to pay working expenses and taxes, and provide for depreciation. At present expenses are usually met by the unsatisfactory device of assessing the members for each new expenditure, as the necessity arises.

### § 3. A SUGGESTED PLAN FOR CO-OPERATIVE COLONIZATION.

Wisconsin has vast tracts of cleared timber land, amounting in area to over 10 million acres, which the Government is desirous of converting into farm land. The problem of attracting settlers, however, is a difficult one in view of the fact that much more attractive land is being offered to prospective settlers, both in other parts of the United States and in Canada.

A scheme has been presented to the State Board of Public Affairs which proposes to solve the problem by the formation of co-operative colonization associations. These associations, it is contemplated, would acquire land at the minimum unimproved price and sell it in suitable farm lots to settlers, devoting the whole of the profits to a common fund for the improvement of the land in question and the promotion of schemes for the economic and social betterment of the communities settled upon it.

An association would be co-operative only with respect to the funds created out of the profits arising from the sale of the land. Each settler would own his holding; rent, mortgage or sell it as he saw fit; and would be under no compulsion to subscribe to the constitution of the association, though by so doing he would have the right to participate in all the benefits of the common fund.

Before any association could be formed, its promoters would be required to prove that the land was suitable for agriculture, that they had acquired it at a fair price and that they possess a clear unquestionable title. They would further be required to convey the title to a trustee, or trustees, nominated by the State Board of Public Affairs, and to guarantee that all the facts relating to the purchase and sale of the land will be made public. The scheme further provides that both the treasurer and the manager of an approved association would be nominated by the State Board of Public Affairs. An association would be empowered to invest its capital in income producing property for the use of the community, and to devote the profits arising out of such investment, to carrying out schemes of general social welfare.

The proposed scheme has certain social features, but no rules are laid down for the conduct of affairs purely social. The two clauses following, which form part of the proposed model constitution, show the spirit in which the whole scheme is conceived: "The policy of publicity will acquaint the members with the personal affairs of one another to a very large extent; it is the purpose of the association to make use of that knowledge to the advantage of all in checking waste and promoting efficiency, and to that end the executive board and standing committees shall study the causes of failure on the part of any member and procure for him expert advice and assistance.

"The fact that this is a co-operative enterprise must never be lost sight of, and it can only flourish by the united efforts of all its members, each freely performing according to his ability, the various duties which devolve upon him."

The scheme is intended in the first place to solve the question of utilizing the cleared timber areas by converting them into farm land. The success of capitalistic colonization enterprises proves that similar development schemes are capable of yielding large profits; and though co-operative ventures have not been as a rule equally successful, the Wisconsin plan, as here outlined, seems to be usually well safeguarded by the provision made for the effective control of associations through the State Board of Public Affairs. There is a guarantee that any project for co-operative colonization before being launched will have been critically examined by persons whose sole interest will be to ensure its permanent success, and that, after being launched, the conduct of its affairs will be jealously supervised by the same persons. This responsibility of each association to a central controlling authority is the characteristic and most significant feature of the whole scheme.

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## 2. MISCELLANEOUS NEWS.

I. — THE CALIFORNIA FRUIT GROWERS' EXCHANGE. — The report of the Secretary for the year ending August 31, 1913, show that this Exchange has strengthened its position in the California citrus-fruit industry in spite of the fact that the season under review had threatened to prove disastrous to the growers.

In the autumn of 1912 the Exchange made detailed arrangements for marketing the new crop, estimating that it would be called upon to ship 34,000 carloads or over 13 million boxes of fruit. Destructive winds and a sudden spell of cold weather caused widespread damage to the crop, with the result that the Fruit Growers' Exchange actually sold, in round numbers, only 5 million boxes, or about 38 per cent. of the number estimated. Nevertheless the Exchange sold 65.5 per cent. of all the citrus fruit shipped from California during the year, this forming the highest proportion of the total crop which it has ever handled. The proportion has increased steadily from 47 per cent. in 1905.

As a result of the short crop good prices were obtained, the average price per box for all fruit sold by the Exchange being \$ 2.75, which is 5 per cent. higher than the average for the preceding eight years. In spite of the fact that for a time the market was totally disorganized by exaggerated reports of crop destruction, and by the operations of speculative dealers, the losses suffered by the Exchange were insignificant, amounting, from bad debts and all other causes, to only \$ 390. The presence of a large proportion of frosted fruit made the work of grading extremely difficult, and huge losses and complete disorganization were only avoided by the rigid supervision exercised by the local associations over all packing operations, and by the excellent selling arrangements of the Exchange itself.

The cost of maintaining the Exchange during the year 1912-1913 amounted to  $7\frac{1}{3}$  cents per box for all citrus fruits, an amount equal to 2 per cent. of the gross sales. These figures cover all the expenses of the central Exchange — the cost of conducting an advertising campaign, legal expenses, and contributions to the Citrus Protective League included. Adding the cost of maintaining the district exchanges, which in 1912-13 was 1.3 cents per box, the total cost of marketing to the growers was less than  $2\frac{3}{8}$  per cent. of the gross sales, or 3.13 per cent. of the net receipts at the shipping point.

According to the report of the secretary of the Exchange this is the lowest marketing cost for any agricultural product in the United States. The average cost of marketing citrus fruits rarely falls below 5 per cent.,

and is more often 7 or 8 per cent., while the average cost to the American farmer of marketing his produce is probably not less than 10 and is frequently as high as 25 per cent.

(Summarised from the *California Cultivator*, Los Angeles, September 4, 1913)

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2. — A BILL FOR THE ESTABLISHMENT OF A CO-OPERATIVE LAND BANK IN THE STATE OF NEW YORK. — Senate Bill 1,693, at present under consideration in the New York legislature, proposes "to amend the banking law in relation to savings and loan associations and to empower the establishment of a Land Bank." In Section 1 of the Bill the Bank is defined as "a co-operative institution for savings, whose membership is composed of savings and loan associations, established for the purpose of issuing and redeeming debenture bonds secured by first mortgages pledged by its members."

Section 4 provides for the granting of power to any legally constituted savings and loan association to hold one or more shares in the proposed Land Bank, and for the incorporation of the Bank on the application of at least ten associations whose aggregate resources are not less than five million dollars. Each member-association would be entitled to one vote for every share which it holds of the capital of the Land Bank. Each share is of one thousand dollars; and no association would be permitted to hold shares the aggregate value of which exceeds ten per cent. of its own resources.

The Bank would be administered by a Board of not less than seven directors, but all bye-laws, or amendments of bye-laws, would have to be submitted to the Superintendent of Banks and receive his written approval.

It is proposed that the Land Bank should be authorized to issue and sell debenture bonds and notes, when secured by the bonds and first mortgages of savings and loan associations, and to redeem the same from time to time. The indebtedness of the Bank upon bonds and notes would be limited to twenty times the amount of its paid-up capital. The Bank would have power to invest its capital in bonds secured by first mortgages on real estate, and to own such real estate as might be necessary for its own permanent place of business, and such as came into its possession through the foreclosure of mortgages held by it. The Bank would be compelled to maintain, out of its revenue, a sufficient sinking fund to pay its debenture bonds as they fell due, and to place, in each year, to a reserve fund a sum equal to one-half of one per cent. of its capital, until such fund is equal to 15 per cent. of the capital.

The debentures issued by the Bank, and the Land Bank itself, together with its capital, accumulations and funds, would have the same exemption from taxation as other savings institutions

(State of New York: Senate Bill 1,693).

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3. — A BILL TO ESTABLISH A NATIONAL SYSTEM OF RURAL BANKS. — On August 9, 1913, the Senator for Florida, the Hon. Duncan U. Fletcher, introduced in the Senate of the United States, a Bill providing for the establishment of a complete system of co-operative rural banks. The Bill was read, and referred to the Committee on Banking and Currency. Addressing the Senate on the same date, Mr Fletcher expounded the principles which underlie the Bill, and an outline of his plan is printed separately as a Senate Document (No. 158).

In brief, the author of the Bill contends :

(1) that the present banking system, in which the ultimate reserves are practically controlled by a small number of banking institutions in New York, is defective, serving the needs of the whole country badly in times of stress, and serving the needs of agriculture worst of all ;

(2) that no commercial system of banking can adequately meet the needs of agriculture ;

(3) that a system must be created whereby the capital and accumulated savings of agriculture must be made available and reserved for meeting the credit needs of those engaged in agriculture ;

(4) that progress in agriculture depends to-day upon co-operation and organization among farmers, and that all forms of agricultural co-operation must be related to a co-operative system of rural credit ;

(5) that, in view of the overwhelming interest of the country as a whole in the prosperity of agriculture, the savings deposits in the post-office, as well as other government funds, might profitably be lodged with the rural banks, and used to meet the demand for agricultural credit ;

(6) that, as the element of saving is prominent in any system of rural credit, rural banks should enjoy the same exemption from taxation as savings and loan associations.

The Bill proposes to establish three separate classes of institutions : (1) Local Rural Banks ; (2) State National Rural Banks ; and (3) The National Rural Bank of the United States. The Local Rural Banks would be owned and operated by local farmers and might be founded with a minimum capital of \$ 2,000 in shares of a nominal value of \$ 10, sold at \$ 25 ; their area of operations would be a small district, and the character of the business they might transact is specified. The net earnings would be used to pay 6 per cent. on the invested capital and, after that, to create an additional capital fund. When the earned surplus was equal to twice the amount originally invested, the stock would be bought in by the banks at the price of issue, and the banks would become mutual banks without capital stock, operating at net cost. In the case of the dissolution of a bank, any existing surplus would be used for building or maintaining good roads in the territory served by the bank.

The State National Rural Banks would be controlled entirely by the local Rural Banks in each State. They would act as clearing houses and

reserve banks for the Local Banks. All profits would go ultimately to the Local Banks which are the shareholders in their respective State Banks. The National Rural Bank of the United States would be established in Washington, and be owned entirely by the Local and State Rural Banks. It would be controlled by nine Directors, five elected by the Banks and four nominated by the President of the United States.

The distinguishing feature of the whole system is the power which, it is proposed, shall be given to each and all of the Banks to use their credit, as well as their cash assets, to meet the needs of the farmer. The Bill contemplates the creation of long-term bonds secured by first-mortgages on farms, to a maximum of 60 per cent. of their assessed value. These would be guaranteed in turn by the Local Banks, the State Banks and the National Bank, and would, it is hoped, thus be raised into the status of high-grade investment securities, readily acceptable all over the world.

The Bill proposes to establish, in the Treasury Department, a special Division of Rural Banking to exercise control over the whole system.

(From *A National Rural Banking System*, Washington, 1913, and *Senate Document No. 158*, 63rd Congress: 1st Session).

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## FRANCE.

### WORK OF THE MUTUAL AGRICULTURAL CREDIT BANKS IN 1912.

OFFICIAL SOURCE:

REPORT ON THE WORK OF THE MUTUAL AGRICULTURAL CREDIT BANKS AND THE RESULTS OBTAINED IN 1912, PRESENTED BY THE MINISTER OF AGRICULTURE TO THE PRESIDENT OF THE FRENCH REPUBLIC, ON DECEMBER 29<sup>TH</sup>, 1913.

The last Report of the Minister of Agriculture, dated December 29th., 1913, shows that, at the end of 1912, there were 98 regional banks that had received advances from the State.

The amount of the State advances, which on December 31st., 1911 was, (repayments deducted) 73,477,524.70 frs. was increased in 1912 by 14,025,424 frs. and would have been altogether 87,502,948.70 frs., but for repayments, amounting to 1,614,222.73 frs., by which it was reduced to 85,888,725.97 frs.

The fluctuations in the amounts and the total sums granted in accordance with the various laws on the subject will be seen in the following table :

Laws	Advances Granted			Repayments Made			Balance at the Disposal of the Banks at the End of 1912
	Up to December 31st., 1911	in 1912	Total Amount at End of 1912	Up to December 31st., 1911	in 1912	Total Amount at End of 1912	
Law of 1899 . .	62,709,793	6,315,750	69,023,543	2,938,546.00	1,487,175.00	4,425,721.00	74,597,822.00
Law of 1906 . .	6,709,320	2,587,874	9,297,194	67,042.30	94,008.51	161,050.81	9,136,143.19
Law of 1910 . .	7,066,000	5,121,800	12,187,800	—	33,039.22	33,039.22	12,154,760.78
Total . . .	76,483,113	14,025,424	90,508,537	3,005,588.30	1,614,222.73	4,619,811.03	85,888,725.97

The subscribed capital of the Regional Banks on December 31st., 1912 was 23,330,342 fr., of which 21,551,221 frs. had been paid up. The share of the local banks in this paid up capital was 13,910,195 frs.

For their short term operations the regional banks had available :

Paid up Capital . . . . .	21,551,221 fr.
Reserve Fund, amounting at the End of 1911 to . . . . .	4,879,937 »
State Advances . . . . .	62,745,412 »
Amounts in Deposit, averaging . . . . .	2,417,000 »
Say, altogether . . . . .	91,593,570 »

as compared with 85,337,337 fr. in 1911.

It is interesting to observe that the amount of the deposits in the regional banks, increased in 1912 to 20,036,097 frs., or nearly 1,690,389 frs. more than was in deposit in 1911. The credit balance fluctuated between 1,616,628 frs. and 3,218,217. fr.

In the following table, the operations of the Regional Banks in the two years 1911 and 1912 are shown compared with each other :

Operations	1911	1912	Difference
	frs.	frs.	in 1912
Bills Discounted and Renewed . . . . .	162,578,529	182,618,801	+ 20,040,272
Direct Advances to Local Banks for Working Capital . . . . .	1,445,431	1,434,760	- 10,671
Advances under Form of Discount . . . . .	81,278,670	84,691,321	+ 3,412,651
Loans Current on January 1st. . . . .	49,487,477	59,831,673	+ 10,344,196
Total . . . . .	132,211,578	145,957,754	+ 13,746,176
Repayments . . . . .	72,379,905	82,569,743	+ 10,189,838
Loans Current on December 31st. . . . .	59,831,673	63,388,011	+ 3,556,338

The collective short term loans to agricultural syndicates, co-operative societies and mutual insurance societies may be estimated at about 14,434,000 fr.

The number of banks discounting at rates below the ordinary rate of the Bank of France has been reduced to two.

The total general expenditure of the regional institutions increased to 512,032 fr., as against 462,579 fr. in 1911, therefore by 49,453 frs. This total, when considered with the amount of the short term operations (bills discounted and renewed), advances to local banks for working capital in 1912, and collective and individual long term loans in the same year, altogether amounting in round numbers to 190,000,000 frs., is seen to represent an average of 0.26 % of the total outgoings and incomings. This average is too high, and the Government has had to call the attention of the managers of certain regional banks to it, in cases in which the general expenditure was not sufficiently justified.

The reserve funds increased in amount from 4,879,937 fr. in 1911 to 6,212,976 fr., 1912, that is by 1,333,039 fr.

In the following table the operations of the local banks for 1911 and 1912 are shown compared with each other :

	1911	1912	Difference in 1912
Number of Local Banks . . . . .	3,946	4,204	+ 258
Number of Members . . . . .	185,552	215,695	+ 30,143
Subscribed Capital (in francs). . . . .	18,158,458	20,507,931	+ 2,349,473
Paid up Capital (in francs). . . . .	11,784,017	13,521,553	+ 1,737,536
New Short Term Loans Granted in the Year (not including Renewals) . . . . . frs.	82,540,623	85,492,170	+ 2,951,547
Loans Current on January 1st. . . . .	51,983,588	61,599,883	+ 9,616,295
Total . . . . .	134,524,211	147,092,053	+ 12,567,842
Amounts Repaid . . . . .	72,924,328	82,269,394	+ 9,345,066
Loans Current on December 31st. . . . .	61,599,883	64,822,659	+ 3,222,776

As we see, there was a fairly appreciable increase in the number of the local banks and their members and in that of the new loans granted in the year.

The amount of the reserve funds of the local banks increased from 2,006,348 fr. in 1911 to 2,831,966 fr. in 1912, that is by 825,618 fr.

Most of the co-operative societies for transformation and sale of agricultural produce that are formed or introduce changes in their installations ask to benefit by the provisions of the law of December 28th., 1906. One hundred and two of these societies received advances in 1912, amounting in all to 2,587,874 frs.

The situation at the end of 1911 and at the end of 1912 may therefore be shown as under :

	At the End of 1911	At the End of 1912
Co-operative Societies that have received Advances . . .	202	290
Capital Paid up (in francs) . . . . .	4,114,386.15	5,458,731.50
Advances at their Disposal (in francs) . . . . .	6,642,277.70	9,136,143.19
Number of Members . . . . .	24,187	36,762
These Societies were distributed as follows, according to their Objects :		
Dairies and Butter Factories . . . . .	41	50
<i>Fruitières</i> and Cheese Factories . . . . .	61	101
Wine Societies . . . . .	32	41
Oil Mills . . . . .	6	11
Wine and Oil Societies . . . . .	6	5
Distilleries . . . . .	19	21
Starch Factories . . . . .	2	2
Societies for the Utilisation of Material . . . . .	26	45
Miscellaneous Societies . . . . .	9	14
Total . . .	202	290

Most of the co-operative societies continued in 1912 to pay the instalments due on the advances received.

The law of March 19th., 1910 on individual long term credit was applied in the case of 79 out of 88 banks which had received special advances. The advances at the disposal of the regional banks increased in amount from 7,066,000 frs. to 12,187,800 frs. Out of this sum, in the course of 1912, 969 new loans for the amount of 3,609,443 frs. were made, giving an average of 3,725 frs. per loan.

Thus, since the passing of the law, 2,049 farmers have obtained long term loans for the total amount of 7,721,995 francs.

In 1912, the banks received a large number of applications for long term loans it was not in their power to grant. It should be remembered, with regard to this, that the law of March 19th., 1910 primarily intended to place at the disposal of young, hardworking and honest peasants, desirous of devoting themselves to agriculture, the means for starting small farms, and enabling them to have families and provide for their necessities. Consequently, in conformity with the spirit of the law, the regional banks are only able to assist in procuring long term loans, when they are certain that their intervention will result in a family being preserved for agriculture or a small farm being formed.



## ITALY.

### I. — THE NEW FEDERATION AND THE FEDERAL BANK OF CO-OPERATIVE CREDIT SOCIETIES AT MILAN.

#### SOURCES :

STATUTO DELLA FEDERAZIONE FRA ISTITUTI COOPERATIVI DI CREDITO (*Rules of the Federation of Co-operative Credit Institutes*). Milan, 1913.

STATUTO DELLA BANCA FEDERALE DELLE CO-OPERATIVE DI CREDITO (*Rules of the Federal Bank of the Co-operative Credit Societies*) Milan, 1913.

LUZZATTI (Luigi): La Federazione e la Banca Federale delle cooperative di credito (*The Federation and the Federal Bank of Co-operative Credit Societies*), in "Credito e Cooperazione", the organ of the People's Banks Association. Rome, no. 22, November 15th., 1913.

The People's Banks of Bologna and Cremona, and after them those of Lodi, Bergamo, Modena, Mortara, Novara, Padua, Piacenza etc., on a suggestion from Signor Luigi Luzzatti, united in October, 1913 to form a Federation of Co-operative Credit Institutes and a Federal Bank of Co-operative Credit Societies.

The object of the former, according to article 1 of its rules, is: (a) to render the action of the associated Institutes more useful and efficacious, by uniting the notable material and moral forces at their disposal, so as to harmonise them and guide them to the realisation of their common aims; (b) to protect the general interests of the federated Institutes, aiding them both in the exercise of their functions as credit establishments and in obtaining the approval of all legislative, fiscal or judicial measures of general interest.

The powers of the Federation will be exercised by the members' meeting and a Permanent Committee.

The *Meeting of the Federated Members*, which assembles in ordinary general session once a year, consists of the presidents or managers, the legitimate representatives of each federated institution. In order that its decisions may be valid, the first sitting must be attended by a third of the members.

The federated institutes have as many votes as there were millions of francs of capital and reserve fund on their last balance sheets as approved. They have also supplementary votes for every three million francs of fiduciary deposits, shown on the last balance sheets as approved.

Every member has a right to at least one vote and may not have more than six. Resolutions are carried by a majority of votes of the members present.

It is within the competence of the meeting of the federated members : (a) to approve the reports of the Permanent Committee on the work of the federation and the financial statements ; (b) to amend the rules of the federation proposed by the above Committee ; (c) to decide upon questions submitted to it by the Committee ; (d) to dissolve the Federation.

The *Permanent Committee* is formed by the Board of Management of the Federal Bank, of which we shall speak hereafter, and amongst its other duties it must see that the obligations laid down in the rules are observed by the members ; censure the action of members contravening the rules, and, if need be, decide on their expulsion ; provide for the protection of their general interests by the study and solution of all questions relating to their functions and co-ordinating their independent activities so as to facilitate their tasks and render them more profitable ; study and formulate rules and methods to which the members must conform in the performance of compulsory mutual services and the execution of their common business ; and, finally, carry out or get carried out *periodical inspections* in the Federated Institutes, formulate rules for them and enforce the penalties imposed by these.

Only those co-operative credit institutes the Permanent Committee approves may be members of the Federation. They must subscribe fifty shares in the Federal Bank and declare their acceptance of the rules.

Before admission, members must also pay an entrance fee of 1,000 frs.

The members are bound to assist each other mutually and to give each other advice in every matter in which their interests do not conflict. They must reserve for one another all business in connection with the collection of bills, moneys etc., in every place in which the federated societies have a head or branch office ; must inform each other, when requested, of the credits opened to their customers and correspondents, their direct operations and rediscountings ; must institute amongst themselves a service of circular orders on the Federal Bank, with the obligation to honour them in all head and branch offices etc.

Besides the entrance fee above mentioned, the members must pay the Federation a yearly contribution of two hundred francs for every vote they have, and, at the request of the permanent committee, must keep at the Federal Bank, in current account, at interest, a deposit of 20,000 francs at least and 50,000 frs. at most, according to the rules the Committee shall lay down in the matter.

Coming more especially to the *Federal Bank of the Credit Co-operative Societies*, we see that it is constituted under the form of a limited liability co-operative society with unlimited capital, and that it is the central organization for the common action of the above federation, with which, as we have seen, it is intimately connected.

Its objects are :

(a) to perform the office of a *Central Bank* for the co-operative institutes, its members, for all their credit, clearing and mutual business ;

(b) to promote and encourage, in the interest of the above institutes collectively represented, participation in the financial operations of the State and others similar, not of local character, but compatible with their rules ;

(c) to encourage the institution of co-operative credit organizations, when the occasion presents itself ;

(d) eventually to carry on credit business in all its branches, in localities where none of its members exist, *to the exclusion of all speculation.*

Its own funds will consist of the capital proper, which is unlimited and formed by personal indivisible shares of 100 frs. ; the ordinary reserve fund and, eventually, of other funds. No member may have more than fifty shares.

Its executive authorities are : a general meeting of the representatives of the adhering institutes, a board of management, a president, commissioners of accounts and arbitrators.

The *Board of Management* consists of seven members, elected at the meeting, from amongst the presidents and managers of the adhering institutes. In addition to its technical functions, it must collect, for the benefit of members, every kind of statistics, information and news relating to commerce, industry and banking; engage in and conclude business in connection with the above collective financial operations, and it is for this purpose it deals with the contracting parties in the name of the federated institutes, which are free to participate therein or not ; encourage the development of the above institutes, by facilitating the mutual exchange of information and services ; study and solve, in the interest of members, every question relating to credit and savings, by the foundation of permanent organizations for the purpose of consultation, or when it may be, making use of those already existing.

The *arbitrators*, three in number, elected at the general meeting, decide all disputes that may arise amongst members, or between members and the society, and there is no appeal against their decision.

The *president* is the legal representative of the society ; he has also the chief supervision of it and the direction of the Bureaux. He is chosen by the Board of Management from among its members. He holds office for three years and may be re-elected.

The working year closes on March 31st. of each year, and the balance sheet " drawn up with the most careful commercial attention ", will be presented at the meeting to be held in June. The profits will be distributed as follows : 50 % to the shareholders, 25 % to the ordinary reserve fund, 15 % to the board, to be used for the realisation of the objects of the society or to be placed to the reserve fund, and 10 % to the employees.

Such is briefly the organization of the new Federation and of the Central Bank of the People's Banks, which, provided with considerable means and having a large programme, is certainly destined to give a still more vigorous impulse to the affiliated People's Banks, rendering possible by their union, their participation in the most important financial operations, fruitful in good results for the national economy, which it would be scarcely possible to realise without union.

## II. — MISCELLANEOUS NEWS.

I. — LEGISLATIVE PROVISIONS IN BEHALF OF CONSORTIUMS FOR THE DEFENCE OF VITICULTURE. — These Consortiums, founded amongst the owners of vineyards, in provinces ravaged by phylloxera, in conformity with articles 2,3 and 4 of the final text of the laws of June 6th., 1901 no. 355, and of July 7th., 1907, no. 490 approved by Royal Decree of May 17th., 1908, no. 343, were founded, as we know (1), for the following ends: (a) to watch against the spread of phylloxera and supervise the work of defence against the scourge; (b) to examine the vineyards carefully for the possible existence of infection; (c) to found nurseries of vines capable of resisting it and reconstitute the vineyards with these plants; (d) to diffuse information with regard to phylloxera and the use of vines able to resist it.

In order to realise these objects, the owners or occupiers of vineyards included in the district of the Consortium must pay a yearly contribution, of not more than one franc per hectare.

A law of June 26th., 1913, no. 786, authorizes the grant of loans to these consortiums, to be repaid in instalments in 25 years, the object being to place them in a position to start a plantation of American vines for the reconstitution of vineyards attacked or destroyed by phylloxera.

The funds required for the purpose will be advanced by the Deposit and Consignment Bank at a rate of not more than 4%, and cannot be more than 3,000,000 frs. a year nor altogether more than 16,000,000 frs.

In conformity with this law, several consortiums of the same province or region may unite in a federation, which could then contract several loans together in the interest of the consortiums requesting them.

Article 7 lays down the principle that no compensation is due to proprietors for vines the destruction of which has been decided on, but admits that the Department may grant special subsidies when the destruction is carried out on land belonging to *small viticulturists*, or cultivated directly by small metayers or tenant farmers.

(Summarised from the *Gazzetta Ufficiale del Regno d'Italia*, Rome, no. 168, July 19th., 1913).

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2. — LEGISLATIVE PROVISIONS IN REGARD TO THE CONSTITUTION OF CONSORTIUMS OF PROPRIETORS FOR DEFENCE AGAINST PLANT DISEASES. — The law of June 26th., 1913, no. 888, authorizing measures for preventing and fighting plant diseases, provides for the foundation of special

(1) Cfr. *Bulletin of Economic and Social Intelligence*, February, 1913, pp. 13 and 14.

communal, intercommunal and provincial consortiums among the owners of farms on which plants are diseased.

The formation of these consortiums must be initiated by the executive committee of the commune or the province, according as the consortiums are communal, intercommunal or provincial, if request is made by enough proprietors to represent at least one half of the cultivated area to which the protective action is to extend. Such formation may even be made compulsory by the prefect, with the advice of the executive committee, or the executive committees of the communes, or again by that of the province "when the want of a consortium constitutes a danger for the agricultural interests and for the territory."

These consortiums will have power to collect an annual contribution, of at most 5 frs. per ha., from the proprietors concerned within their districts. In making out the list of contributions and collections of members' contributions, application shall be made of the provisions of the laws in force relating to the collection of direct taxes, including those concerned with fiscal privileges.

(Summarised from the *Gazzetta del Regno d'Italia*, Rome, no. 195, August 21st., 1913).

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3. — THE NUMBER OF THE AGRICULTURAL CO-OPERATIVE AND MUTUAL SOCIETIES IN ITALY. — The *General Confederation of Italian Agricultural and Mutual Societies* recently published a list of these societies. We see from it that there are in Italy 5,249 Agricultural Co-operative and 1,055 Agricultural Mutual Societies, distributed as follows :

*Agricultural Co-operative Societies.*

Agricultural Consortiums and Purchase Societies . .	1,162
Rural Co-operative Banks . . . . .	2,094
Wine Making and Viticultural Co-operative Societies	218
Co-operative Dairies . . . . .	1,097
Consortiums for Stallions . . . . .	27
Collective Farms . . . . .	187
Co-operative Superphosphate Factories . . . . .	14
Miscellaneous Co-operative Societies . . . . .	450
Total . . .	5,249

*Agricultural Mutual Societies.*

Mutual Fire Insurance Societies . . . . .	250
Mutual Livestock " " . . . . .	799
Mutual Accident " " . . . . .	4
Miscellaneous Mutual Societies . . . . .	2
	1,055

In the report in explanation of this list, we see first of all the difficulty presented by the classification of co-operative societies according to their objects. In fact, agricultural co-operative societies often have various objects and it is not easy to settle which is their predominant business, whether credit, purchase, production etc. It is thus not possible to establish a definite and absolute distinction. Thus, to day, few agricultural co-operative societies do not engage in collective purchase of the articles and machinery necessary for their members, whilst most of them endeavour to encourage their members by the grant of loans in money or in kind.

In the classification given above, we have, therefore, considered the principal work of the societies and in accordance with this the grouping has been made.

The largest group of the co-operative societies for purchase is that of the agricultural consortiums, almost all affiliated to the Italian Federation of Agricultural Societies with head quarters at Piacenza. Amongst the societies for purchase are also included the *circoli* and the *nuclei agrari* (clubs and agricultural nuclei), and other associations with the most various titles occupied almost exclusively with the provision of farm requisites for their members.

According to the estimate of the above Confederation, the total amount of goods and machinery bought by the various Italian agricultural co-operative societies in 1913 would be nearly 150,000,000 frs.

It was easy to group the credit co-operative societies, for their titles leave no doubt as to their principal business. They include rural banks, agricultural banks, small credit and other similar societies, that are intended to provide their members with loans for agricultural objects.

According to the statistical report with which we are dealing, the 2,094 rural co-operative banks would have to-day a total capital (share capital and reserve fund) of about 3,000,000 frs., and the total amount of deposits received by them would be nearly 100,000,000 frs. The total amount of the loans passed in 1913 would be about 250,000,000 frs.

The large majority of these societies are societies of collective titles, while the co-operative purchase societies are almost all constituted as limited liability societies.

Amongst the co-operative societies for production, without doubt dairies take the first place, but there are also thriving wine societies (more than 150 in all), distilleries (more than 30) and many antiphylloxera consortiums for growing American vines.

Besides the collective farms and the co-operative superphosphate factories, which are among the most interesting and most original manifestations of Italian agricultural co-operation, we must specially note the co-operative livestock improvement societies, which have provided an original form of society in the consortiums for stallions, all in Lombardy, above all in the province of Cremona, the centre of the movement.

In the group of the miscellaneous co-operative societies, finally, are included the co-operative oil mills met with especially in Piedmont, in Lombardy and in Friuli, the co-operative oil cake factory of Piacenza, the tobacco farm-

ers' co-operative societies, the co-operative nursery gardens, the cocoon drying co-operative societies, the co-operative granary of Bagnolo Mella; the co-operative societies for the sale of table grapes, vegetables, fruit, wool, eggs, honey etc.

On the other hand, it is easy to classify the Agricultural Mutual Societies, for the distinctive characters are clearly defined.

As we have seen, there were 1,055 of these societies in all, 250 being fire insurance societies 799 livestock insurance societies, 4 accident insurance societies and 2 others societies insuring against malicious damage to vineyards, but of small importance.

We have little information with regard to the mutual fire insurance societies. The largest is the "Fossanese" at Fossano (Cuneo), assuring an amount of 11,000,000 frs., with a thousand members.

According to the estimate of the National Federation of Mutual Fire Insurance Societies, the above 250 societies assure a capital of about 400,000,000 frs.

The mutual livestock insurance societies are more numerous, but also smaller: they would all together assure a capital of about 70,000,000 frs.

The most important of the 4 mutual agricultural accident insurance societies of Vercelli, Milan, Florence and Bologna, is that of Vercelli. It was founded in 1902, on the initiative of the farmers' association of the region. It engages to give compensation in case of death and permanent disablement, total or partial, to all labourers, fixed or temporary, and also intervenes in certain cases of temporary disablement.

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4. — THE CONSTITUTION OF A CENTRAL BANK FOR THE DISTRICT OF BRESCIA. — Recently a Central Bank has been formed for the Rural Banks of the district of Brescia, under the form of a limited liability co-operative society for the "exercise of credit and the moral and economic improvement of its associates."

According to its rules, it may have as members, first of all the legally constituted Catholic rural banks of the Province of Brescia, and also, with the approval of the general meeting, other co-operative societies and private individuals who may be of use to the society in attaining its objects.

Societies affiliated to it must submit, at any moment and above all before entering into business relations with the Bank, to a full and detailed examination of their situation and to the measures the Board of Management may judge advisable. Credit societies must forward to it a statement of their accounts every month and their balance sheets every year.

Those societies and persons shall not be admitted or shall be expelled if already admitted: (a) who do not conform to the above rules; (b) who become insolvent or are condemned; (c) who oblige the Bank to sue them before the Courts; (d) who carry on business similar to that of the society; (e) who are opposed to the Catholic Church and the established Government.

The capital of the society will consist of shares, of 100 frs. each, a reserve fund and special funds.

The Bank will conduct every kind of banking and agricultural credit business, in conformity with the laws of the State, and particularly :

(a) it will receive deposits in money at interest, for which it will give bonds redeemable at fixed date, bank books for current account and savings bank books; it will also receive in deposit money or documents of title, on the security of the share capital and reserve fund ;

(b) it will grant its members loans on deposit of shares, and will advance money on bills and instruments of credit ;

(c) it will open credit and debit current accounts, on the security of mortgages or other documents of title ;

(d) it will grant loans on good security, extinguishable by means of fixed quarterly or half yearly instalments ;

(e) it will discount for members, bills, cheques etc.

Finally the Central Bank will abstain from all hazardous operations, and all speculation. It will also be able to encourage and assist commercial and agricultural undertakings of a form inspiring serious confidence in their development and giving the society a really valid guarantee.

The society will be managed by a Council of seven members, chosen from among the representatives of the rural banks.

(Summarised from *Cooperazione Popolare*, Parma, nos. 21-22, December 15th., 1913).

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## Part. II: Insurance and Thrift

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### BELGIUM.

#### AGRICULTURAL ACCIDENT INSURANCE IN BELGIUM,

by M. E. VLIEBERGH, *Professor at the University of Louvain.*

Let us first of all say a few words with regard to the law farmers must conform to in the case of accidents occurring in the course of work; and in the second place examine into the manner in which the law has been applied and, as it is more than eight years since it came into force and it is proposed to introduce many amendments into it, briefly mention the principal modifications experience shows to be desirable in the case of agriculture, in so far as they may be of interest to people in other countries.

#### § I. THE LAW.

Up to the passing of the law of December 24th., 1903 on accidents in work, the farmer, like every one else, was subject to the provisions of the Civil Code, in the matter of such accidents. When the victim of an accident succeeded in proving the culpability of the master or an officer employed by him for the conduct of the work, or that the injury was caused by an animal made use of by the master and so serving at the time, the master was to pay him full compensation as fixed by the courts.

The law of December 24th., 1903 completely altered the basis on which compensation had up to then been paid. Masters, subject to the law, had thenceforth to contract to give compensation on the basis laid down in the law whenever an accident occurred during work on property belonging to them, whether due to their fault or not.

The bill was specially drafted to meet the case of industry. It was first of all thought more advisable, in imitation of the laws of various

neighbouring countries, to make the new principle only applicable to the case of industry, while later on the experience acquired might be utilised for a law applicable to agriculture.

The discussion of the bill in Parliament resulted in the law being made applicable to agriculture at least in the case of farms of a certain size.

It is applicable to three kinds of farms: first, those, of whatever size they are where use is made, not merely temporarily, of machinery moved by other than human or animal force. In this first class are to be included forestry businesses, which are specially contemplated in the law.

Next come farms on which at least three labourers are habitually employed.

In the third place, Article 3 of the law provides that managers of businesses not subject to the law may become so voluntarily on making express declaration before the registrar of the local court. This applies, for example, in the case of small farmers, market gardeners or floriculturists, of whatever size their holdings may be, who do not use machines worked otherwise than by men or animals.

The law contemplated three kinds of accidents: there may be such as result in temporary disablement; a man may, for example, break an arm and consequently be prevented for a couple of months from attending to his duties; and there may be permanent disablement, either partial, when, for example, an eye or a finger is lost, or total, when, for example, both hands are lost; finally, the law provides for the case of accidents resulting in death.

In each of these cases a medical certificate must be given or medical attendance and medicines provided for six months. It is, in fact, calculated that the generality of accidents cannot require medical attention for a longer period.

When the accident has caused temporary total disablement for more than a week, the sufferer has a claim to the half of his average wages, beginning from the day after the accident.

In case of partial disablement, consequent on total disablement, the sufferer has a claim to half the difference between the wages he could earn previously to the accident and what he is able to earn before his complete restoration to health. If the total or partial disablement is permanent, the above compensation must be paid to him for his whole lifetime.

In case of an accident causing death, an amount of 75 frs. must be paid for funeral expenses, but in a certain number of cases, on which we need not dwell, a pension of 30 % of the annual wages of the victim, estimated in relation to his age at the moment of his decease, must also be paid.

## § 2. PRACTICAL ORGANIZATION OF INSURANCE.

For the farmers, therefore, there are two kinds of legal liability: some are subject, while others are not, to the law of December 24th., 1903; but there is another point: the law only contemplates accidents to labourers

in the discharge of their duties: now agriculture is less than any other business confined within the limits of the undertaking. How many accidents giving claim to compensation are there not that happen to others than farm labourers? In addition, many persons, not farm labourers still want compensation in case of disablement through accidents in their work. Consider only the children or the members of the farmers' family working on the farm. There are, also, the farmer and his wife, above all on the smaller farms, who generally desire compensation in case of disablement through accidents in their work.

For purposes of agricultural insurance, account had to be taken of these various cases. The law allows insurance in two kinds of fixed premium companies, Belgian and foreign, which for payment of certain fixed premiums assure labourers who meet with accidents of the legal compensation. They also insure farmers not subject to the law, undertake liability insurance for them and insure the members of their families.

The law provides for the organization of mutual insurance societies called ordinary accident insurance societies. And, in fact, a certain number of such societies have been founded for insurance in conformity with the law. But, as we have seen, they only consider a part of the farmers, and, in their case, only accidents to labourers employed by them. It was, therefore, necessary, as these ordinary societies can only transact insurance business in conformity with the law, to organize, in connection with them, other insurance societies, for the various cases mentioned above.

The law has not made accident insurance compulsory, but has guaranteed the sufferers by accidents definite compensation. When a farmer not subject to the law of December 24th., 1903 is not insured by a company approved by the Government and submitting to Government inspection, he must pay, unless especially dispensed, a certain amount into a guarantee fund, which is really an insurance against the insolvency of the master. Even though he pays this premium, the master on whose property an accident occurs is bound to give the legal compensation. But in case of the masters' insolvency, the sufferer may apply to the guarantee fund.

In fact, the very great majority of the farmers subject to the law of December 24th., 1903, are insured in a company authorized by Government.

There are two mutual insurance societies undertaking these agricultural risks, but by far the most important is the *Caisse Commune d'assurance des cultivateurs Belges* (Belgian Farmers' Ordinary Insurance Society), organized by the various voluntary farmers' leagues in the country, with its head quarters at the office of the Belgian Boerenbond.

As we have said, it was quite insufficient, in the case of agriculture, only to insure against accidents contemplated in the law, and, for this reason, side by side with the *Caisse Commune*, the same leagues at the same time founded a second mutual insurance society, called *L'Assurance Agricole* (Agricultural Insurance Society). This Society, then, insures farmers subject to the 1903 law against accidents to themselves or to members of their families or against accidents to third parties for which they may be liable; at the same time it fully insures those to whom the provisions of the

1903 law do not apply. On September 30th., 1913 the policies issued by the *Caisse Commune d'Assurance des Cultivateurs Belges* were 9,383 and represented 158,548 hectares and also total earnings amounting to 8,016,043 frs.; and the *Assurance Agricole* had issued 20,288 policies, representing 259,963 ha., and earnings to the amount of 6,538,530 frs., as those engaged in agriculture and small rural industries can insure in these mutual societies for a certain percentage of their earnings.

We think that in the interest of mutual insurance this dual system at present existing ought to disappear and the ordinary societies should be authorized to undertake all accident insurance risks, with the right to act as commercial societies, authorized to undertake insurance risks in conformity with the 1903 law, that is to say, to keep separate books for the purpose.

The present dual system complicates the work, increases the expenditure, and is an obstacle to the development and permanence of the organization; up to the present the ordinary agricultural societies have done a good business in Belgium, but if one day they experience losses and are obliged to call for additional premiums, it might very well happen that the insurance societies working side by side with them, with the same members and the same management would realise large profits.

A commercial society undertaking every kind of accident insurance may compensate for losses in one branch by gains in another.

Further, from the point of view of the supervision exercised over the societies approved by the Department of Industry and Labour, this solution would be very advantageous. It would, in fact, preclude the possibility of fraud; supervision evidently cannot be exercised over the insurance societies in connection with, but outside of, the ordinary society. Now since the two kinds of society have the same board of management and often the same office, it is sufficiently easy to conceal the irregularities committed by the ordinary society; if there were only one society, supervision would be far easier.

As regards the organization of the mutual agricultural accident insurance societies, we must here explain in a few words the system of shares in the reserve fund held by policy holders which might be introduced into a large number of societies. By the rules of the *Caisse Commune d'Assurance des Cultivateurs Belges* and the *Assurance Agricole*, the surplus profits of the year are placed to the reserve fund. This is generally done in the mutual societies, but the amount placed to the reserve fund must always be distributed among the policy holders in proportion to the premiums paid by each of them and entered to the credit of their personal accounts.

If it is necessary to draw on the reserve fund to make up for the insufficient amount derived from premiums, the amounts must be paid by the policy holders in proportion to their premiums and entered to their debit.

Every policy holder has therefore an account for his share in the reserve fund. When a member leaves the society on giving up farming, at the end of the next working year his account is closed. If it is closed with a debit balance, this must be paid, but members, when the society

ceases working, and heirs of deceased members, receive  $\frac{4}{5}$  of the credit balance of their share in the reserve fund.

Policy holders leaving the societies for other reasons than those we have mentioned have no claim to the credit balance of their reserve fund account: it belongs to the society.

Let us make this clearer by an example. Let us suppose that one of these societies annually receives 500,000 frs. in premiums. A policyholder, A., has paid a premium of 50 fr. His reserve fund account is kept by the society and credits and debits to it are entered in the books. Let us suppose that the accounts for the first year are closed with a balance of 100,000 fr. This is 20% of the total premiums collected; therefore A's reserve fund account will be credited with 10 francs. If another year the profits are 200,000 fr., 20 fr. will be placed to A's credit. If one year there is a loss of 100,000 frs., it is taken from the reserve fund and 10 fr is entered to the debit of A. and so on.

If A. leaves the society under the conditions contemplated, for example, because he has given up his farm, he must be paid  $\frac{4}{5}$  of the credit balance of his reserve fund account. A's heirs will receive the same amount at his death.

In connection with reserve fund shares, there is another provision in the rules of one of these societies to which we must draw attention. It is provided that when the reserve fund reaches the limit fixed by the board of management, the whole of the profits for the year shall be repaid. According to the reports of this society, the Board of Management has decided that these refunds shall commence to be made when the credit balance amounts to twice the premium. In the case of our policy holder A., who has annually to pay a premium of 50 fr., when the credit balance of his reserve fund account is 100 fr. nothing more will be entered to his credit, but the amount which should be assigned to him each year out of the profits will be deducted from the annual premium he has to pay. If, therefore, there was a gain of 100,000 francs on the total premiums of 500,000 fr., instead of 10 fr. being added to A's credit it would be deducted from the 50 fr. premium he has to pay.

### § 3. THE RESULTS OF EXPERIENCE.

Since the law has been in force for eight years (it came into operation on July 1st., 1905), we are able to arrive at some valid conclusions. We shall above all consider the results obtained by the *Caisse Commune d'Assurances des Cultivateurs Belges* and the *Assurance Agricole*, since these two mutual insurance societies undertake most of the agricultural risks in Belgium, and regularly furnish detailed statistics in their reports.

During the debate in Parliament, it was repeatedly said that the application of the law to agriculture was less necessary as agriculture did not present very serious dangers. The experience of Belgium is quite contrary

to this assertion: there are many accidents in agriculture and not only such as have no serious consequences. In this respect Belgian statistics are in complete agreement with those of other countries.

It is to be observed that in connection with mortal accidents in agriculture, very often there is nothing to be paid beyond the 75 fr. for funeral expenses; as we have said, the law makes provision for a pension equal to 30% of the yearly wages of the victim to be paid to certain persons within certain limits of relationship, but it often happens that the servants are old and unmarried and have not the family contemplated in the law, or young people still unmarried who cannot be considered as supporting their parents. Now the law requires that they should be supporting them.

In all European countries where there are laws similar to this Belgian one, it has been observed that, during the first years of their operation, the number of accidents reported constantly increases, within certain limits.

It has even been inferred that the number of accidents increases just on account of the compensation granted to the victims. The labourers, it was alleged, were less prudent, and there were even those who courted accidents or simulated them.

One fact is certain with regard to the agricultural accidents in Belgium; there is an increase in the number of those known. But what is the reason? At present, the accidents are known, while previously many were not and we cannot even yet say that all are; we know only those reported. Now, how often does it not happen that the victim thinks that he has had a slight accident which will not absolutely prevent his continuing his regular business? It is only some days or weeks later that the disablement becomes evident, and then, very often, the master or the insurance company will no longer accept the report of the victim, as he is unable to show that the disablement he suffers from is really due to the accident. But it is only once that the victim will suffer from this severity, afterwards he will naturally be careful to report every insignificant accident, as well as more serious ones and his companions in labour will also be induced by the example they have before them to report every accident immediately. So more accidents are known than formerly, but the figures scarcely allow us to say as yet that the number of accidents has really increased in consequence of the compensation assured to the victims. Yet, in Belgium, as elsewhere, complaint is made of simulation of accidents.

It was imagined that accidents did not occur on small farms; experience contradicts this idea. And this is easy to understand, when we consider the causes of accidents. It was said that the principal accidents were due to agricultural machinery; these are evidently a cause of very serious accidents, but they are not the chief cause of accidents, as is seen in the little table we reproduce from the Reports of the *Caisse Commune d'Assurance des Cultivateurs Belges*:

	1905-06	1907	1908	1909	1910	1911	1912
Falls . . . . .	22.5	26.2	25.4	27.0	26.4	24.48	21.60
Horses . . . . .	10.3	11.6	10.5	12.0	11.3	10.09	9.17
Edged Tools . . . . .	8.5	6.7	8.4	7.9	6.3	9.40	10.13
Carting . . . . .	8.5	9.2	5.3	4.6	5.7	5.06	6.05
Horned Cattle . . . . .	5.9	6.7	4.9	5.1	5.1	4.20	4.18
Fall of Objects, Implements, etc. .	4.8	7.3	6.8	5.6	7.5	8.21	8.03
Agricultural Machinery Used on the Farm . . . . .	4.2	3.8	4.3	3.4	4.4	2.28	2.17
Crushings . . . . .	4.0	5.0	3.1	3.6	3.5	5.97	5.91
Strains . . . . .	3.7	5.7	5.4	5.7	4.7	9.55	11.70
Dogs . . . . .	0.7	0.6	0.5	0.4	0.5	0.65	0.33
Agricultural Machinery Used in the Fields . . . . .	0.7	0.6	0.8	0.3	0.2	0.47	0.73
Miscellaneous . . . . .	26.2	16.6	24.6	24.4	24.4	19.64	20.00

It is certain that very many accidents might be avoided if the farmers were obliged when using machinery for the upkeep of the farm buildings to conform to certain government regulations.

There is another explanation of the fact that the accidents are certainly no less numerous on small than on large farms: if we compare the regions of large farming with those, much more numerous in Belgium, of small farms, we find a staff of workmen on the latter in proportion far more numerous. On small farms there is generally one labourer per hectare, whilst on large farms, especially in those of the Condroz region, there is scarcely one labourer per ten hectares.

Other conclusions may be drawn from what follows in regard to the modifications experience has shown to be necessary.

Although the law was drafted for purposes of industry, it must be recognised that it is very well adapted to agricultural situations.

This does not, however, mean that from the agricultural point of view the law is quite perfect; far from that. For the information of foreigners we may classify under four heads the principal amendments desirable from the point of view of agriculture:

- 1st., The farmers subject to the contract provisions of the law;
- 2nd., The persons to whose case the law ought to apply;
- 3rd., The settlement of the wages on which compensation is based;
- 4th., The compensation to be granted.

As we have said, only farms of a certain size are now subject to the law. We think it would be better to apply it on all farms without distinction. The following are our principal reasons:

Experience proves that most accidents in agriculture are not due as was believed to machinery, but to falls and edged tools. Now these falls which are the causes of most of the accidents, occur at least as frequently on small farms as on large; we may even say that the large farms by their better arrangements, especially the vaulting of the cattle stalls and stables, reduce this cause of accident.

Complaint is made nowadays in all the regions of our country of the constantly increasing difficulty of finding farm labourers. We have not to examine here into the proper means for putting a stop to the rural exodus, but will not the most important of these be to arrange that the agricultural labourer is as little as possible, economically speaking, in a position of inferiority to the manufacturing hand?

On the other hand, account must be taken of the impression made on an agricultural labourer by the passing from a farm subject to the law to another not subject to it. In the first case, when an accident befalls him, he is sure of receiving the compensation fixed by law of December 24th., 1903. It is true that this compensation is calculated at  $\frac{1}{2}$  the amount of the loss he suffers, but in every case he obtains it and the new law has instituted a procedure far more easy than that of common law; on the other farm, in case of an accident, he must first prove it due to culpability of the master or a representative of the master, in the discharge of his duties, or to an animal employed in the work. If he can not succeed in doing this, he is refused all compensation.

But the reason we consider of greatest importance is the very considerable number of cases in which it cannot be said with certainty whether the farm is or is not subject to the law of December 24th., 1903. Farms which employ a machine moved by force other than human or animal are greatly in the minority. Again it is only exceptionally that a declaration of voluntary subjection to the law is made to the registrar of a local court. The very large majority of the farmers to whom the law applies habitually employ at least three labourers. It is true that the meanings of these words, "habitually" and "labourer," have been defined by ministerial decision, but none the less the words are a source of many difficulties. It often happens that two labourers are regularly employed on a farm and several others also for special work. Are these to be considered habitual labourers? This is a question of fact that can only be settled by the magistrate after hearing the witnesses produced by both parties, by the labourer victim of the accident who claims that the 1903 law applies and by the master or the insurance society maintaining that it does not. It will be agreed, that it would be better to avoid the conflict.

The premium to be paid to the insurance companies in case of insurance in common law is less than that required by the law of December 24th., 1903, and it is observed as a rule that the farmers, for whom the application of this law is more or less expensive, profit by every occasion, especially of the termination of their contract of insurance under the law of 1903, to claim that they are not subject to it and insure themselves in accordance with common law. Of course farms are cut up and on this account land which



was previously subject to the contract provisions of the law is no longer so; on the other hand, it may happen that the farmers' children grow up and take the place of labourers, so that there is no longer the requisite number of labourers. But, most frequently, farmers prefer to consider themselves not subject to the law of 1903, so as to pay a smaller premium.

We think on these different grounds it would be better to make the 1903 law applicable to all agricultural and horticultural undertakings and to avoid the difficulties so numerous in a country of small farms like Belgium, make it also applicable to auxiliary undertakings.

And let it not be said that the small farmers are opposed to the idea of insurance, for it is just among the small farmers that the insurance companies make the largest profits. We have already given the number of the policies of the *Assurance Agricole* on September 30th., 1913. Evidently a large number of these policies are held by farmers with farms of a certain size and cover the farmer's liability towards third parties as well as accidents to himself or to members of his family. But it is no exaggeration to say that about 7,500 of these policies are issued to small farmers not subject to the law of 1903.

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The law is applicable to agricultural labourers and though a ministerial decision of February 3rd., 1905 fixes the meaning of these words and although we have already had legal decisions enough on the matter, the expression gives rise to practical difficulties. It would be better to make the law applicable to all agricultural wage earners indifferently and especially to servants. Evidently, real farm servants engaged in farm work must be considered as labourers within the meaning of the law, but it is not the same, for example, in the case of farm servants engaged in household work, even if they milk the cows.

The German Imperial Social Insurance Code makes insurance optional for the small farmer and his wife. Would it not be also well if the Belgian law allowed the farmer and the members of his family to insure themselves on the basis of their earnings calculated in advance?

It is true that even after such an extension of the law there will be disputes in regard to some workmen, who must be considered not as labourers, but as artisans, as they are their own masters and provision is not made for their case in this law. Only to mention two examples, clippers of hedges and pruners of trees are in this position; but there is no way of preventing disputes arising as to whether they are properly speaking artisans or labourers. The matter has to be decided in each special case.

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One of the greatest difficulties in the application of the law is to fix the wages on which the compensation is based; it is easy to oblige a manufac-

turer and above all a large manufacturer to keep a register of wages, and enter in it those paid to his workmen, week by week, or fortnight by fortnight; the manufacturer insured sends an extract of his register of wages every three months to the insurance society and the premium is fixed in proportion to the wages actually paid.

Again, it is the wages earned by the victim of an accident in his work on which the compensation due to him under the law is based; but, in the case of farmers and especially of small farmers, who predominate in the larger part of Belgium, it is not possible to enforce the regular keeping of registers and the farmer is not himself accustomed to keep them. So the agricultural insurance premium is generally fixed per hectare, after valuation made by the insurance company.

In fixing the compensation due to the victim of an accident, account must be taken of the real wages earned by him on the farm on which he is employed but on small and medium sized farms many other things have to be considered besides the wages in money: when the insured farmer keeps registers of wages, the latter are regularly entered, but it must be taken into account that in certain seasons the wages are higher than in others, and again that the labourers at certain seasons, above all at harvest time, work by contract, and that very often the work is done not only by the labourer, but by his wife and children who are not occupied the whole day. The possible earnings of the labourer in this way must, therefore, be calculated; besides this, the farm servants generally have board and lodging at the farmer's; the farm labourer is very often given his board; very often he has perquisites, regularly allowed, of which account must be taken in estimating his wages. It is then necessary to calculate all he gets, which is generally no easy matter; on the other hand, even in the case of wages in money actually paid by the day, it is very difficult for the insurer to ascertain the true amount. For experience shows that often the farmer insured supports his labourers who have suffered by accidents when they exaggerate the amount of their wages; it is not he who must pay the claim, but a large insurance society, sometimes at a distance, and the farmer knows he will be popular with his labourers if he succeeds in getting the largest possible compensation paid to the man. Above all, in a country where the farmers have difficulty in finding the labourers they require for their farm, is this a point that cannot be overlooked.

It would be necessary then to fix for a certain period, for classes of labourers and for limited districts, the wages on which compensation for accidents is to be based, after hearing the representatives of both the masters and the labourers.

Of course these wages taken as a basis must correspond with those actually gained, whether in money or in kind, but who knows whether for one or other farmer who is now paying less than is usually paid in the district, it might not serve as a salutary lesson, and induce him to pay his labourers wages nearer to the usual standard?



According to article 4 of the Belgian law of December 24th., 1903, compensation is only given when the accident has caused total disablement for more than a week; in this case, compensation is paid from the day succeeding the accident. In this way it was hoped that accidents of very small importance would not be reported; but experience has shown that it would be well not to have this delay: it is a cause of dissatisfaction among the victims of slight accidents and leads more than one of them to prolong the consequence of the accident. A labourer who could resume work five or six days after the accident will be tempted only to resume it on the ninth or tenth day, just on account of the delay prescribed by the law.

The compensation is due to the victim by contract; it is paid in any case, for the law only excludes accidents caused intentionally. The claim paid, as we have said, is 50% of the loss incurred and this principle applies whatever be the importance of the accident.

In case of small permanent lesions, it is difficult to justify payment of compensation to agricultural labourers. The intention of the law was to make up for the diminution of the working capacity of the labourer to the extent his wages were affected by it. Now many small permanent lesions entail no diminution of working capacity, or if there is any real diminution, it has no effect on the wages, above all, in a country like Belgium where it is becoming difficult to find agricultural labourers; the farmer does not take account of a lesion or infirmity of small importance. On the other hand, compensations in the form of a few francs a year scarcely improve the situation of the victims. It would be much better to cancel the right to compensation, in case of disablement not felt in the actual economic conditions, and not causing a diminution of professional capacity.

It is understood that the masters or their insurers, who have to pay less on account of permanent disablement of small importance not being compensated, might be obliged by law to give larger compensation in cases of more serious disablement.

Also, in the adjacent countries, experience has shown the uselessness of compensation for accidents of small importance. Thus, to mention an example, the German professional agricultural insurance societies, supported by the chambers of agriculture and the agricultural leagues of their district, have on various occasions requested that it should be laid down in the law, that only in cases of diminution of working capacity by more than 20 %, should permanent compensation be given.

Compensations in cases of permanent disablement must be paid as annuities, provided the amount exceeds sixty francs annually; otherwise the judge can, at the request of the party concerned, order the pension to be commuted.

Art. 7 of the law provides that at the request of the victim or his representatives, the judge may decree that a third part at most of the amount of the pension shall be paid in cash.

This general provision it is easy to understand; the intention was to prevent the victims of accidents or their representatives, finding themselves, through an unintelligent use of the compensation paid, in need after they have received it. It is to be understood, therefore, that the authors of the law would have preferred to establish an annual pension. But, in case of agricultural labourers, we think the judge should be free, while taking the necessary precautions, to grant a money compensation, because experience shows that the victims of accidents might then become small farmers. There are now already many such victims permanently disabled who are now farming and the number would increase if means for their installation were granted them. We have carried out an enquiry into this matter for the account of the *Caisse Commune d'Assurance des Cultivateurs Belges*. Of course the figures we have collected refer to too limited a number of cases, but we may conclude from them that already many invalided agricultural labourers, no longer able to continue their work, have become small farmers. The desire we have expressed above is of especial importance for an agricultural country very much subdivided, as most of Belgium is.

It is not possible here to enter into details with regard to the compensation in case of mortal accidents. By art. 6 of the law such compensation is subject in certain cases to the condition that the victim has been the "support" of the persons to be compensated, especially of his parents. Now, above all in agriculture, this gives rise to many difficulties. Investigation is most usually difficult. How were the parents in need of the earnings of their child and how far did he assist them? Again, often working people who are economical are refused compensation because they are in possession of comparative comfort acquired by their toil and their domestic virtues, whilst others less industrious and less economical and poor, it may be, largely through their own fault, have no difficulty in obtaining the legal compensation.

Also some remarks must be made in regard to the calculation and distribution of the compensation in case of death, according to the provisions of the law. The central division of the Belgian Chamber of Representatives was in favour of another system. I believe that it would have made a better distribution of the compensation, more in proportion to the real loss suffered by each of the heirs.

Again, according to art. 39 of the law, the compensations may be subjected to revision at the end of three years from date of the agreement entered into between parties or the final judgment settling the amount of compensation. The German Reichsversicherungsamt admits use as justifying action for revision of compensation. In Belgium, most of the judges require, before allowing the claim for revision, that there be some physical alteration in the lesions existing at the date of the previous regular settlement of the compensation. It is, however, certain that use has, in practice a marvellous compensating effect. Very often, in a short time, labourers who have lost a part of a limb for example, a finger or a portion of one, learn to supply the loss suffered, by similar or neighbouring organs which become

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more supple, stronger and suited to the new needs created by the loss. If our courts followed the example of the German courts, revision would be made easier and this would be desirable for the equitable application of the law.

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\* \*

There are still some questions of minor importance relating to compensation for agricultural accidents which might be regulated otherwise than at present by the law of December 24th, 1903. When this came into force on July 1st., 1905, there was at first some slight dissatisfaction among the farmers, but now there is no further question of that. And as we said above, while we recognise that the law might be amended (and now there is serious talk of its revision) it must be recognised that it is fairly well suited to the requirements of agriculture.

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## Part III: Credit

### GERMANY.

#### RECENT DEVELOPMENT OF THE CO-OPERATIVE INSTITUTES OF LAND CREDIT FOR RURAL HOLDINGS.

Among the many institutes of every kind in Germany that engage in land credit business, the co-operative organizations known under the name of *Landschaften* are the most important. Above all in Prussia, where the five oldest *Landschaften* have been working for more than 125 years, do these institutes provide a very considerable and continually increasing portion of the real credit required in agriculture.

In the first number of this Bulletin (September 30th., 1910), a short article was published (1) dealing with the origin and development of the *Landschaften*. In the present article it is our intention to complete the information already furnished on the subject, in accordance with the most recent statistics. In addition we shall endeavour to show, within the limits the information at our disposal permit, the importance of the *Landschaften* and similar credit institutes for small and medium sized farms.

Let us first of all say a few words as to the other sources of credit to be considered in the case of rural holdings. Large advances are made on the security of rural holdings, not only by the *Landschaften* and the mortgage banks, but also by savings banks and private capitalists. For first mortgages on rural and urban holdings constitute an excellent investment of capital, thanks to the important guarantee provided by the cadastral and mortgage registration systems in force in Germany.

Of the total amount of capital invested by the Savings Banks the following amounts were invested in rural mortgages: 1,246,000,000 mks. or 25.4 % in 1896; 1,792,000,000 mks. or 22 % in 1904 and 2,464,000,000 mks. or 19 % in 1912. The largest proportion of these credits is granted

(1) This article was republished in the first volume of the *Mono-graphs on Agricultural Co-operation in Various Countries*. Also in the number of this Bulletin for November, 1913, there appeared an account of the work of the East Prussian *Landschaft*.

under form of loans repayable on demand; but, in recent years, the savings banks have also contributed to extend the use of loans redeemable in instalments, better answering the conditions and requirements of agriculture. The amount increased from 358,000,000 mks. in 1904 to 689,000,000 mks. in 1912, so that the proportion, in comparison with the total amount of the mortgage loans on rural holdings granted by the savings banks increased from 19.96 % to 27.33 % in the period. But the possibility of realising still further progress in this way is to some extent limited by the fact that the savings banks must at every moment be in a position to pay, for the very nature of the deposits they accept prevents their investing large sums in such a way as would hinder their being again available at a comparatively short notice.

In Germany the majority of the mortgage banks have only granted a small proportion of loans on rural holdings. As the insurance societies do even in a larger degree, they above all limit their mortgage credit operations to urban holdings. According to a report published in the number of the *Deutscher Ökonomist* for September 27<sup>th</sup>., 1913 (page 630), the total amount of the mortgages granted by the 38 German mortgage banks at the end of 1912 was 11,286,702,000 marks. Out of this, only 751,720,000 marks represented rural mortgages. More than two thirds of this was lent by two of these banks, the *Preussische Zentral-Bodenkredit-Aktiengesellschaft* of Berlin, (Central Prussian Land Credit Society, Limited by Shares) which thus lent 273,802,000 marks and the *Bayerische Hypotheken- und Wechselbank* of Munich (Bavarian Mortgage and Exchange Bank), which had lent 246,209,000 mks. These are the two largest mortgage credit establishments of Germany. In addition, three smaller institutes of South Germany had granted mortgage loans on rural land for a total amount of 125,508,000 mks. Five institutes absolutely do no rural mortgage business and the remaining 28, all together lent the comparatively small amount of 86,201,000 mks. on the security of rural mortgages. Amongst all these banks, there are only three in which the credits on rural estate represent more than one fifth of the total credits granted on mortgage: that is 33.3% in the *Preussische Zentral-Bodenkredit-Aktiengesellschaft*, 21.8% in the *Bayerische Hypotheken- und Wechselbank* and 26.7% (31,888,000) in the *Hessische Landes-Hypothekenbank* of Darmstadt (1) (Mortgage Bank of the Grand Duchy of Hesse). These Banks render great services to agricultural credit, as they contribute to extend the only system that is adapted to agriculture, that of loans not repayable on demand, but by means of regular fixed instalments.

In some provinces and some states where there are no *Landschafts*, their place is filled by State or provincial institutes. We shall speak of them in another article at an early date.

(1) The *Hessische Landes-Hypothekenbank*, founded in 1902, has indeed the form of a society limited by shares, but the capital was entirely paid up by the State, the communes and the public savings banks, so that, in spite of its form, it has the character of a Government institution.



## § I THE PRUSSIAN LANDSCHAFTEN.

There are 18 *Landschaften* in Prussia. As they were founded at various dates and in different localities, they present differences with each other, but have all one essential point in common. They are co-operative societies of landed proprietors, the object of which is to provide their members with cheap mortgage credit, not to be repaid on simple demand of the lender. They are all corporations in public law, managed by their members and supervised by the State. Their duty is to bring landholders who have need of credit into relation with capitalists desirous of investing their money. They issue the mortgage loans granted to their members in accordance with a strict estimate of the yield of the holding, under the form of land bonds (*Pfandbriefe*) which those receiving them can sell on the public exchange. Some *Landschaften* do not issue land bonds for their own account but are affiliated to the Central *Landschaft* founded in 1873, which places at their disposal the land bonds they have need of for their loans. This union for the collective issue of land bonds serves principally to obtain a large market for the bonds by reducing the rate of interest to be paid. The issue of the land bonds is based on the mortgages registered in favour of the *Landschaft* on the farms serving as security for the loan. However, in the most ancient *Landschaften*, all the land holders who, according to the law, belong to the *Landschaft*, are liable to the extent of their entire property for the engagements of the *Landschaft* (general guarantee), independently of the fact whether they have received a loan or not. Nowadays, the *Landschaften* have also, most of them, a sufficiently large amount of capital of their own, accumulated in the course of years and have also a considerable sinking fund formed by the annual regular instalments of their debts repaid by the debtors. The security of the land bonds is further increased by the character the *Landschaften* possess of institutions in public law and above all by the rights granted them in the case of a debtor not meeting his engagements. In fact, in such a case, they are authorized to distrain upon the estate of the debtor, without judicial authorization being necessary. Under existing conditions, the land bonds of the *Landschaften* are to be accounted among the safest of investments, so that their value is quite the same as that of the best state securities.

We do not want to enter too deeply into the characteristics of the organization of the *Landschaften*, but shall only now glance at the situation of their business.

The following table, in which we give figures showing the amount of land bonds issued by the various institutes gives a view of the development of their work in the last ten years :

TABLE I. — *Lettres de Gage Issued by the Prussian Landschaften.*  
(Thousands of Marks).

Name of the Institute	Date	Years				
		1901	1906	1911	1912	1913
1. East Prussian Landschaft .	24.12.	367,537	412,631	467,436	481,372	—
2. West Prussian Landschaft . .	20.5.	135,469	130,563	125,616	128,038	128,609
3. New West Prussian Land- schaft . . . . .	20.5.	117,777	167,958	204,707	215,572	220,019
4. Credit Institute for the Nobles' Landed Estates in Kur- and Neumark. . . . .	31.12.	192,809	191,463	180,172	180,808	—
5. New Credit Institute of Bran- denburg. . . . .	31.12.	133,765	141,849	142,176	146,202	—
6. Pomeranian Landschaft . . .	24.6.	242,251	251,738	261,417	263,246	265,944
7. New Pomeranian Landschaft for Small Holdings . . . . .	24.6.	14,004	24,488	28,252	27,995	28,317
8. Landschaft of Posen . . . . .	31.12.	295,231	331,100	348,191	398,015	—
9. Silesian Landschaft:						
(a) Department for Large Holdings . . . . .	31.3.	371,657	398,168	407,692	411,262	411,113
(b) Department for Small Holdings . . . . .	31.3.	160,734	199,969	216,440	220,119	223,720
10. Landschaft of the Province of Saxony. . . . .	31.12.	107,773	150,578	201,860	227,997	244,347
11. Landschaft of Schleswig-Hol- stein . . . . .	30.9.	5,103	20,716	61,656	81,419	—
12. Landschaftlicher Kreditver- band (Credit Association) of Schleswig-Holstein . . . . .	31.12.	16,162	41,547	54,450	63,360	—
13. Credit Association for the Nobles' Landed Estates in the Districts of Calenberg, Göttingen, Grubenhagen and Hildesheim, at Hanover . .	31.3.	20,410	22,292	26,745	28,492	—
14. Credit Institute for the Nobles' Landed Estates of the Dis- trict of Lüneburg, at Celle.	24.6.	14,157	15,484	16,267	16,712	—
15. Credit Association for the Nobles' Landed Estates of the District of Bremen, at Stade.	1.4.	10,055	10,085	10,439	10,438	10,556
16. Landschaft of the Province of Westphalia. . . . .	31.12.	56,669	74,424	95,102	102,904	—
17. Credit Institute of Upper and Lower Lusatia, at Görlitz . .	31.12.	343	330	258	258	—
18. Central Landschaft of Prussia .	1.12.	—	426,848	459,569	487,057	—

From this table we see that the amount of the land bonds issued by the Prussian *Landschaften* in 1912 was about 3,000,000,000 mks. (1) It must be observed that of this amount about 2,500,000,000 mks. were issued by the *Landschaften* of the six eastern provinces (nos. 1-9). There are various reasons to explain this. However, the most important is that the *Landschaften* of these provinces have already a long history and also that the large landed estates, very frequent in the East, avail themselves largely of the credit the *Landschaften* provide. On the other hand, some of the Western Provinces, either like Hesse Nassau and the Rhine Province, have no *Land-schaft*, or, like Hanover, only institutes of very limited importance (nos. 13-15). It must be also remembered that the land holders of the Western Provinces, for the most part peasant farmers, are but little in debt in comparison with what we find in the East. In the Western Provinces, owing to the great abundance of capital, the rate of interest on private mortgages is far lower than in the East, so that there is no potent and imperative motive there to transform private mortgages into mortgages to the credit institutes, in order to realise by this operation a saving in the amount of interest to be paid. Finally, the Savings Banks, which here have at their disposal considerable funds, have in these districts carried on a large credit business for the benefit of rural land holders. From the figures published in the Prussian Statistical Yearbook for 1912, on page 366, we see that the Savings Banks of the six eastern provinces had all together only lent 581,800,000 marks in 1911 on rural mortgages, and of this 157,400,000 marks under the form of credits redeemable in instalments, whilst in the western provinces the loans on mortgage granted by savings banks amounted to 1,857,600,000 marks, with 484,800,000 marks under the form of credits redeemable in instalments.

When we consider the progress of the *Landschaften*, we see it has been very different in different cases. Some seem to have reached a period of arrest or of slow decline, whilst others are quite flourishing. This is principally because some of the *Landschaften* limit their field of action to granting credit to large landowners, who have now almost completely satisfied their needs for it, whilst other *Landschaften* lend in preference to small farmers. In their case, the conversion of private mortgages, less

(1) The amount of the land bonds issued by the *Zentrallandschaft* is also included in the figures given for the institutes for account of which they were issued. On December 31st., 1912, it was 1,141,000 marks for the *Westpreussische Landschaft* (West Prussian *Landschaft*); 165,266,000 marks for the *Kur-und Neumärkische Ritterschaftl. Kreditinstitut* (Credit Institute for the Landed Estates of the Nobles in Kurmark and Neumark); 146,202,000 marks for the *Neues Brandenburgisches Kreditinstitut* (New Brandenburg Credit Institute); 4,351,000 marks for the *Pommersche Landschaft* (Pomeranian *Landschaft*); 7,240,000 marks for the *Neue Pommersche Landschaft* (New Pomeranian *Landschaft*); 78,963,000 marks for the *Landschaft der Provinz Sachsen* (*Landschaft* of the Province of Saxony); 83,455,000 marks for the *Schleswig Holsteinische Landschaft* (Schleswig Holstein *Landschaft*) and 258,000 marks for the *Kreditinstitut für die Ober und Nieder Lausitz* (Credit Institute for Upper and Lower Lusatia).

profitable for the farmers, into *Landschaften* mortgages opens for the institutes an immense field of action (1).

The conversion of all the mortgage debts of the small farmers, from debts to private individuals, as they are at present for the most part, into debts secured on land bonds, is now the most important task the Prussian *Landschaften* have to accomplish. It is on the result of their efforts in this direction that the degree of their future development essentially depends. In spite of the great progress they have made, the *Landschaften* have not yet reached in this field the preeminent position they occupy in respect to the large landed proprietors.

A consideration of the measures adopted by the *Landschaften* in recent decades shows clearly that they recognise it as an important duty to give the advantages of cheap agricultural loans, not to be repaid on demand, but by a system of compulsory instalments, to the owners of small and medium sized farms.

Of the five oldest *Landschaften*, originally intended to provide for the needs of the large land holders, there are three, the West Prussian *Landschaft*, the Credit Institute for the Nobles' Landed Estates in Kurmark and Neumark and the Pomeranian *Landschaft*, that, in 1861, in 1869 and 1871, founded special establishments for credit to peasant farmers. Whilst the Silesian and East Prussian *Landschaften*, since about the same date, have been themselves providing small farmers with credit. The *Landschaften* founded in the provinces of Posen (1857), Saxony (1864), and Westphalia (1877) have from the start allowed small landowners the benefit of their credit. The *Landschaftlicher Kreditverband für Schleswig-Holstein* (Schleswig Holstein Credit Association), founded in 1882, is entirely for the peasants. The *Schleswig-Holsteinische Landschaft* (Schleswig-Holstein *Landschaft*), founded in 1895, quite at first was only concerned with the large landed proprietors, but in 1907 it extended its business to include credit to proprietors of small and medium sized holdings. What are the results these institutions have up to the present attained by the grant of loans to peasant farmers?

The loans granted on the security of peasant holdings by the *Schlesische Landschaft* (Silesian *Landschaft*) amounted in 1885 to 41,700,000 marks; in 1895 to 106,300,000 marks and in 1905 to 188,700,000 marks. On March 31st., 1913, the total amount of these loans was 233,700,000 marks. The 15,829 holdings (2) on the security of which it had granted credits on

(1) The decreased business of the *Westpreussische Landschaft*, the amount of the land bonds of which in circulation was, in 1886, 155,000,000 mks., and even in 1896, 145,000,000 mks., must be largely attributed to the action of the Colonisation Commission (*Ansiedelungskommission*) founded in 1886. Cfr. *Bulletin of Economic and Social Intelligence*, December, 1912, p. 140. This Commission and the Prussian State, during the period 1895-1913, by means of purchase of landed estate, caused the redemption of land bonds to the amount of 33,868,165 mks.

(2) The 11,000,000 marks advanced by this *Landschaft* as loans on large landed estates on March 31st., 1913 had been granted on the security of 1,870 such estates.

December 24th., 1912, could be classified as follows according to their area :

1,425	of an area of less than 5 hectares
7,817	" " " " between 5 and 20 hectares
6,068	" " " " » 20 » 75 "
589	" " " " more than 75 "

As regards the amount of credit granted :

4,549	holdings had received loans of less than 5,000 mks.
9,878	" " " " between 5,000 and 30,000 mks.
1,269	" " " " " 30,000 and 100,000 mks.
133	" " " " more than 100,000.

The loans granted by the *Ostpreussische Landschaft* (East Prussian Landschaft) on holdings of less than 100 ha. were at the end of 1912 in round numbers 13,700 ; 2,600 of the holdings were of less than 20 ha. and 10,300 less than 50 ha. The number of holdings of more than 100 ha. on which loans had been granted was 2,900, a figure somewhat higher than in 1895, whilst the number of holdings of less than 100 ha. receiving loans was 3,178 in 1885 and 8,095 in 1895. Thus, in the last thirty years, peasant holdings have taken the first place by far in regard to number, if not certainly in regard to the total amount of loans conceded to their owners. With regard to the amount of the loans, there were 8,336 for amounts of less than 10,000 marks, 6,056 for amounts of between 10,000 and 50,000 mks, and 2,192 for amounts of more than 50,000.

In the *Neue Westpreussische Landschaft* (New West Prussian Landschaft), intended exclusively for the grant of credit to peasant landholders, between 1903 and 1913 (May 20th.), the number of holdings for which loans were granted increased from 7,389 to 11,308 and the amount lent increased from 140,861,270 mks. to 229,019,410 mks.

In the case of the Province of Posen, it is not possible to gather from the annual reports the number of the peasants' holdings for which credit was granted, nor the proportion of these loans to the total amount lent.

The *Neues Brandenburgisches Kreditinstitut* (New Brandenburg Credit Institute), founded by the *Kur- und Neumärkisches Ritterschaftliches Kreditinstitut* for the peasant landowners has progressed as follows :

Amount of Loans	Area of Holdings	Total Amount of Loans
1880 . . . . .	93	3,694,600 marks
1890 . . . . .	4,195	74,274,300 "
1900 . . . . .	9,007	130,972,350 "
1905 . . . . .	9,931	141,729,150 "
1910 . . . . .	10,345	142,972,800 "
1912 . . . . .	10,444	146,202,400 "

The farms for which loans had been granted up to the end of 1912 were as follows in respect to their area and the amount of the loans granted to them :

Area of Holdings		Number
Less than	5 ha.	300
Between 5 and 20		3,660
» 20 » 50	»	4,283
» 50 » 75	»	1,335
» 75 » 100	»	451
More than	100	415

Amount of Loans	Number of Holdings	Total Amount of Loans
Less than 2,000 marks . . .	828	2,143,400 mks.
Between 3,000 and 20,000 mks.	7,936	73,189,750 »
» 20,000 » 100,000 »	1,607	57,413,050 »
More than 100,000 mks . . .	73	13,455,200 »

From the above figures, we see, that in the four provinces of Silesia, East Prussia, West Prussia and Brandenburg, the peasants' holdings for which loans were obtained from the *Landschaften* were more than 50,000 in number and the amount lent was about 750,000,000 marks. However, this is only a small number of the farms that are able to obtain credit from the *Landschaften* under the regulations in force, for there are about 60,000 farms alone in the Province of Brandenburg and about 55,000 in that of East Prussia.

The *Neue Pommersche Landschaft* (New Pomeranian *Landschaft*) has not flourished to the same degree, for in Pomerania the area farmed by the peasants is not large. The number of farms for which it had granted credit on June 24th., 1912 was only 1,320.

In 1909, the *Landschaft* of the Province of Saxony granted loans to 1,455 landowners for the amount of 102,800,000 mks., and in 1912 loans for 3,202 holdings, 405 of which were nobles' landed estates (*Rittergüter*), for the amount of 228,000,000 mks.

At the end of 1912, the *Westfälische Landschaft* (Westphalian *Landschaft*) had granted loans for the amount of 102,900,000 marks for 4,986 holdings. The comparatively low average amount of the loans shows that they were chiefly for peasant farms.

The *Landwirtschaftlicher Kreditverein für Schleswig-Holstein* (Schleswig-Holstein Agricultural Credit Association) had, at the end of 1912, 3,200 members. Of the 501 new credits granted in 1912, 140 were for holdings of less than 20 ha., 228 for holdings of between 20 and 50 ha., 103 for holdings of from 50 to 100 ha. and 30 for those of more than 100 ha.

The *Schleswig-Holsteinische Landschaft* (Schleswig Holstein Landschaft), at the end of 1912, had granted credits for 105 landed estates of the nobility, 6 large farms (*Meierhöfe*) and 2,385 miscellaneous holdings.

In the following Table II, the land bonds issued by the Prussian *Landschaften* are classified according to their rate of interest. The rate of interest is a sure standard by which to judge the cost of the loans to the farmers, as the *Landschaften* receive very little beyond their working expenses. Most of the bonds in circulation bear interest at  $3\frac{1}{2}\%$ . However, in recent years, on account of the generally high price of money, the *Landschaften* have been compelled again to charge  $4\%$  on their new issues.

TABLE II. — *Classification of Lettres de Gage Issued, according to their Rate of Interest.*  
(Thousands of Marks).

Institute	Date	3 %	3 ½ %	3 ½ %	4 %
1. East Prussian Landschaft . . . . .	24.12.12	16,846	—	338,755	125,770
2. West Prussian Landschaft . . . . .	20.5.13	11,986	—	105,108	11,514
3. N. w West Prussian Landschaft . . . . .	20.5.13	9,446	—	175,390	44,174
4. Credit Institute for the Nobles' Landed Estates in Kur- and Neumark . . . . .	31.12.12	68,172	—	108,619	4,017
5. New Brandenburg Credit Institute . . . . .	31.12.12	26,090	—	116,009	4,103
6. Pomeranian Landschaft . . . . .	24.6.12	60,493	799	201,424	598
7. New Pomeranian Landschaft . . . . .	24.6.12	1,865	—	226,050	79
8. Posnan Landschaft . . . . .	31.12.12	6,386	—	250,400	135,140
9. Silesian Landschaft :					
(a) Large Landed Estates Department . . . . .	31.3.13	138,058	—	224,786	48,269
(b) Small Holdings Department . . . . .	31.3.13	38,767	—	140,214	44,739
10. Landschaft of the Province of Saxony . . . . .	31.12.12	59,620	—	83,057	85,320
11. Schleswig-Holstein Landschaft . . . . .	30.9.12	8,256	—	38,537	34,623
12. Landschaftlicher Kreditverband of Schleswig-Holstein . . . . .	31.12.12	1,519	—	29,799	32,042
13. Credit Association for the Nobles' Landed Estates of the District of Calenburg, Göttingen, Grubenhagen and Haldesheim . . . . .	31.3.12	—	—	20,623	7,869
14. Credit Instit. for the Nobles' Landed Estates of the District of Lüneburg, at Celle . . . . .	24.6.12	—	—	13,875	2,837
15. Credit Association for the Nobles' Landed Estates of the Duchy of Bremen, at Stade . . . . .	1.4.13	—	—	10,436	120
16. Landschaft of the Province of Westphalia . . . . .	31.12.12	5,842	—	46,004	31,058
17. Credit Institute of Upper and Lower Lusatia, at Görlitz . . . . .	31.12.12	—	—	258	—
18. Prussian Central Landschaft . . . . .	1.12.12	115,993	—	320,908	55,155



In the following table, we show the amount of sinking fund formed by the regular payments of the members, as well as the funds belonging to the Institutes themselves formed by the savings realised on working expenses, and the reserve and guarantee funds. We must, however, observe in this connection, that in the case of some of these institutes the amount possessed by the Institute is larger than that registered, for some assets, such as the buildings serving for offices and the capital invested in special undertakings, are not shown on the balance sheets of these establishments.

TABLE III. — *Sinking Fund, Own Capital and Special Funds of the Chief Landschaften.*

(Thousands of Marks).

Institute	Sinking Fund	Own Capital	Special Reserve Fund
1. East Prussian Landschaft . . . . .	13,438	13,090	—
2. West Prussian Landschaft . . . . .	7,455	10,832	2,917
3. New West Prussian Landschaft . . . . .	10,600	8,890	2,971
4. Credit Institute for the Nobles' Landed Estates in Kur- and Neumark . . . . .	19,519	8,688	—
5. New Brandenburg Credit Institute . . . . .	12,088	1,018	—
6. Pomeranian Landschaft . . . . .	19,947	12,814	—
7. New Pomeranian Landschaft . . . . .	1,285	1,618	—
8. Posen Landschaft . . . . .	26,898	22,021	—
9. Silesian Landschaft :			
(a) Large Landed Estates Department . . . . .	37,685	16,762	5,924
(b) Small Holdings Department . . . . .	15,342	—	5,063
10. Landschaft of the Province of Saxony . . . . .	23,134	2,366	3,745
11. Schleswig-Holstein Landschaft . . . . .	1,979	450	1,071
12. Landschaftlicher Kreditverband of Schleswig-Holstein . . . . .	2,440	770	—
13. Landschaft of the Province of Westphalia . . . . .	7,188	653	2,303

## § 2. CO-OPERATIVE LAND CREDIT INSTITUTES IN OTHER STATES OF GERMANY.

There are also in the Grand Duchy of Mecklenburg Schwerin, in the Duchy of Brunswick, and in the Kingdoms of Saxony, Württemberg and Bavaria, co-operative land credit institutes of the type of the Prussian Landschaften.

*Mecklenburg.* — The *Ritterschaftlicher Kreditverein für Mecklenburg* (Credit Association for the Lands of the Nobility in Mecklenburg), with head quarters at Rostock, was founded in 1818. At the end of 1912, the amount of its land bonds in circulation was 41,067,750 marks; it was receiving 3 ½ % interest on 40,617,750 marks and 4 % on 450,000 marks.

*Brunswick.* — The *Ritterschaftlicher Kreditverein für das Herzogthum Braunschweig* (Credit Association for the Lands of the Nobility of the Grand Duchy of Brunswick), with head quarters at Wolfenbüttel, was founded in 1862. The land bonds issued by this institute amounted at the end of 1912 to 13,195,900 mks. The rate of interest was 4 %.

*Saxony.* — In the kingdom of Saxony, there are two institutes of *Landschaften* type, differing, however, very greatly from each other, both as regards their organization and their activity.

The older is the *Erbländischer Ritterschaftlicher Kreditverein im Königreich Sachsen* (Credit Association for the Land of the Nobility of the Kingdom of Saxony) founded in 1844. At the end of 1912, the amount invested by it in mortgages was 78,936,125 mks. It had granted loans to the amount of 46,774,700 mks. for 384 landed estates of nobles with 83 peasant farms connected with them and 32,161,425 marks, for 1,275 peasant farms. The sinking fund paid amounted to 11,711,150 marks, so that the net balance of the debt was 67,244,975 marks. The land bonds in circulation, representing altogether an amount of 68,026,100 marks, had been issued at 3 % for 2,484,100 mks.; at 3 ½ % for 56,185,725 mks.; at 2 ¼ % for 905,775 mks. and at 4 % for 8,450,500 mks.

Besides this, since 1866, there has been a *Landwirtschaftlicher Kreditverein im Königreich Sachsen* (Agricultural Credit Association of the Kingdom of Saxony) granting credit to communes, but also and above all for peasant farms. It is on the formed model of the co-operative credit societies with the form of private societies, but it has, however, been recognised as an institute in public law like the *Landschaften*. In contrast to the system of the Prussian *Landschaften* in which the capital is only formed gradually by means of savings realised on the working expenses, the members must, in this institute, contribute to the formation of a working capital by means of the purchase of shares. At the end of 1912, the share capital amounted to 5,661,391 marks and the number of the members stood at 16,270. Since 1900, the shares have paid a yearly dividend of 4 %. The loans made to landowners and redeemable in instalments, amounted to 182,526,125 marks and those to communes to 219,791,250 marks. The total number of credits to farmers was 16,004. In most cases, these were comparatively small loans. The number of those for not more than 20,000 marks was 14,142, whilst there were only 1,569 loans passed for from 20,000 to 50,000 marks and only 269 loans for more than 50,000 mks.

*Württemberg.* — In Württemberg the *Württembergischer Kreditverein* (Württemberg Credit Association) at Stuttgart, was founded in 1827, and gives credit both on the security of urban and rural land. At the end of 1910, it had granted 9,413 loans to 7,689 members 5,519 for the

amount of 85,120,099 mks on urban estate and 3,884 for 18,729,837 mks. on rural land.

*Bavaria.* — The Bavarian farmers have in the *Bayerische Landwirtschaftsbank* (Bavarian Agricultural Bank), a co-operative bank exclusively for real agricultural credit. This bank, on the model of the Prussian *Landschaften* and the Saxon *Landwirtschaftlicher Kreditverein*, was founded at Munich on December 2<sup>nd</sup>., 1896. On the 27<sup>th</sup>. November, the rules drafted by the Bavarian Board of Agriculture (*Bayerischer Landwirtschaftsrat*), had received the approval of Government. In this way the need was met that had been often expressed by the Congresses of Agriculture since 1880, for the formation of a land credit institute in Bavaria, adapted to the special conditions of agriculture there.

The Bavarian Agricultural Bank is organized somewhat differently from the Prussian *Landschaften*. It is the only establishment of the kind which is not only constituted after the model of the co-operative societies in public law, but also subject to the law of 1889 regulating such societies.

Every member on entering the co-operative society must purchase a hundred marks share. If he applies for a loan of more than 5,000 mks., he must buy a share for each additional 5,000 mks. No member may have more than 200 shares. On December 31<sup>st</sup>., 1912, the number of members was 21,083 and they possessed altogether 42,791 shares. The number of members who had not had recourse to credit was 818 and they possessed 1,573 shares.

Before the foundation of this co-operative society, a Government establishment had been contemplated. But the idea was abandoned later, on consideration of the risk inherent in a costly administration and the fact that State institutes are often characterised by too insufficient commercial activity. The Bank has received considerable assistance from the State. On its foundation, it was granted, in accordance with § 17 of the financial law of June 17<sup>th</sup>., 1896, a working capital of 1,000,000 mrks., free of interest.

It was further granted an advance at 3 % interest amounting at first to 1,000,000 marks and afterwards raised to 4,000,000 mks by law of January 24<sup>th</sup>., 1898. Upto 1905, it received also an annual amount of 40,000 marks as a contribution to its working expenses. It enjoys, besides, certain privileges, amongst which we may mention that the capital of minors may be invested in land bonds and other securities issued by it. A Government commissioner supervises the work of the bank.

It grants mortgage loans on agricultural or forest land, and loans to communes without special security. The loans on rural land are granted up to the amount of half the value of the land. Farmers, appointed by the bank as confidential agents for the commune in which they reside, act as intermediaries. Owing to the very small working expenses, and to the fact that the profits are always exclusively invested for the benefit of members, the bank is in a position to grant loans on the most advantageous terms possible in view of the situation of the financial market. At the end of 1912, the mortgage loans amounted to 140,788,864 marks and those granted to

communes to 14,936,500 marks. Of the amounts lent on mortgage, 85,270,264 marks were lent at  $3\frac{3}{4}\%$  and 55,518,600 mks. at  $4\frac{1}{2}\%$ .

These figures give the *Bayerische Landwirtschaftsbank* the second rank among the Bavarian mortgage banks.

It answers the conditions of lauded property in the kingdom perfectly, for small and medium sized farms of from 2 to 10 ha. and from 10 to 50 ha. are most numerous there and cover most of the cultivated area. It is above all a credit institute for small and medium sized farms. Of the 27,165 agricultural loans granted by it since its foundation up to the end of 1912 for an amount of 175,058,800 marks, 26,111 or 96. 16 % for 131,868,400 mks. or 75.35 % of the amount lent, were for less than 20,000 mks; 864 for 25,717,800 mks. for from 20,000 to 50,000 mks.; and only 170, for 17,472,600 mks., were for more than 50,000 mks.

If we consider the area of the farms, the loans on mortgage made between 1897 and the end of 1912, exclusive of supplementary loans, may be classified as follows :

Classes of Farms	1897-1906	1907-1912
Farms of Less than 1 hectare	264 for 314,118 mks	148 for 209,600 mks
» » Between 1 and 10 hect.	7,874 » 28,234,197 »	6,524 » 26,756,300 »
» » » 10 » 100 »	5,161 » 61,823,635 »	3,233 » 42,358,000 »
» » More than. . . 100 »	33 » 3,921,000 »	23 » 2,945,600 »
Total . . .	13,332 » 94,292,950 »	9,928 » 72,269,500 »

The following figures, relating to the changes in the economic position of the debtors, since the date of their loans, show that the credits granted by the Bank have served to reduce the indebtedness of agricultural property rather than to increase it. Out of 140,064,500 marks, the total amount lent between 1900 and 1912, 23,520,250 marks have served to pay off mortgages redeemable in instalments and 68,245,194 to pay off mortgages not so redeemable. It is besides evident that, when the new loans contracted are not due to excessive prices having been paid for purchase, but serve for the introduction of useful improvements answering modern requirements, they only encourage agricultural progress.

## DENMARK.

### THE SITUATION OF THE DANISH LAND CREDIT ASSOCIATIONS IN 1913 (1).

In our number for April, 1911, we published a detailed study on the organization of rural land credit in Denmark, and in that for January, 1913, a note on the work done by the Land Credit Associations in 1912. We have now material enabling us to furnish similar statistics for the year 1913. In order to facilitate the study of these, we shall, as before, arrange the data in two tables, the first of which will give all statistical information for the *land credit associations* only granting loans on first mortgage, while the second will give it for the *mortgage associations*, founded, on the contrary, for the purpose of granting cheap loans on second mortgage (see the article above referred to, in our number for April, 1911). We shall only here remind our readers that all the associations are founded on the co-operative principle of mutual solidarity.

The following table shows that the total amount of the loans granted on first mortgage by these 14 associations amounted at the beginning of 1913 to 1,724,000,000 crowns or 226,000,000 crowns more than in 1910. As many of the associations do not distinguish in their reports between urban and rural loans, precise information cannot be given with regard to the amount of the rural land debt, but it is estimated at half the total debt. We shall have accurate information on this subject when the Statistical Department has issued the detailed statistics of mortgages it is now preparing.

The mortgage associations, for their part, are divided into two distinct groups as shown in our second table.

Finally, as regards the Kingdom of Denmark Mortgage Bank, on August 31st., 1912, it contracted a new loan of 15,000,000 francs (10,800,000 crowns), enabling it to purchase from the Treasury bonds for State Loans to Small Farmers (*Jordlodder til Landarbejdere*). On March 31st., 1913, the Bank possessed bonds of the land credit associations for the amount of 33,481,000 crowns and "*Jordlodder til Landarbejdere*" bonds for that of 14,414,000 crowns.

(1) This article has been sent to us by our Copenhagen correspondent.

TABLE I. — *Situation of the Land Credit Associations in 1913 (I).*

Associations	Number of Mortgages or Loans	Original Mortgages	Mortgages Outstanding	Reserve Fund	Last Date	Year of Foundation
		Crowns	Crowns	Crowns		
1 Den dansk Landmandsbanks Hypotekafdeling (Mortgage Division of the Danish Farmers' Bank) . . . . .	1,450	—	20,795,196	—	31-12-1912	1872
2 Kreditkassen for Husejerne i Kjøbenhavn (Copenhagen Homeholders' Credit Society) . . . . .	1,625	—	101,090,610	6,092,028	10-3-1913	1797
3 *Kreditforeningen af Grundejere i de danske Østifter (Credit Association of Proprietors in the Dioceses of the Danish Islands) . . . . .	37,926	507,201,200	459,900,803	14,922,218	31-3-1913	1851
4 **Kreditkassen for Landejendomme i Østifterne (2) (Credit Association for Rural Landed Property in the Dioceses of the Islands) . . . . .	11,394	139,276,200	130,566,132	3,443,616	31-3-1913	1866
5 * Kreditforeningen af Grundejere i Fyns Stift (Credit Association of the Landed Proprietors in the Diocese of Fyen) . . . . .	6,945	45,105,000	41,779,466	1,170,310	31-3-1913	1880
6 * Kreditforeningen af Ejere af Mindre Ejendomme paa Landeti Østifterne (Credit Association of the Peasant Farmers of the Dioceses of the Islands) . . . . .	28,408	42,514,950	38,299,614	1,863,739	31-3-1913	1880
7 Kreditforeningen af Grundejere i Kjøbenhavn og Omegn						

9	**Kreditforeningen af jydsk Landejendomsbesiddere (Jutland Rural Landowners' Credit Association)	33,675	404,361,000	382,398,694	16,177,921	31-3-1913	1851	
10	**Den vest- og sønderjydske Kreditforening af Landejendomsbesiddere (Credit Association of West and South Jutland Landowners)	16,734	145,850,000	136,251,996	7,602,118	31-12-1912	1860	
11	Kreditforeningen af Købstadgrundejere i Nørrejylland (3) (North Jutland Town Landowners' Credit Association)	23	109,600	23,824	476	29-2-1913	1852	
12	Ny jydsk Købstadkreditforening (New Credit Association of the Towns of Jutland)	10,676	117,069,400	109,877,200	6,191,127	31-3-1913	1868	
13	*Kreditforeningen af Ejere af mindre Ejendomme paa Landet i Jylland (Jutland Peasant Farmers' Credit Association)	75,965	134,374,800	122,998,496	5,190,268	31-3-1913	1880	
14	Kreditforeningen af Grundejere paa Landet i Jylland (Jutland Country Landowners' Credit Association)	4,574	32,052,300	29,710,215	1,434,966	31-3-1913	1893	
	Total 1913	231,794	—	1,724,288,684	71,382,906	—	—	
	" 1912	223,729	—	1,644,600,935	66,354,057	—	—	
	" 1911	214,274	—	1,568,908,194	61,783,673	—	—	
	" 1910	204,809	—	1,497,707,928	59,582,279	—	—	

(1) The Associations marked with \* grant loans on both urban and rural land; these marked with \*\* grant loans almost exclusively on rural land.

(2) This is a credit association and not a credit society; cfr. *Bull. of Econ and Social Int.* 1911, IV, p. 187.

(3) In liquidation since 1861.

TABLE II. — *Situation of the Mortgage Associations in 1912.*

Associations	Number of Mortgages	Original Mortgages	Mortgages Outstanding	Reserve Fund	Last Date	Year of Foundation
<i>Essentially Urban Mortgage Associations:</i>						
1 Hypotekforeningen for Kjøbenhavn og Omegn (Mortgage Association for Copenhagen and Environs) . . . . .	2,096	37,798,600	37,409,861	1,200,965	31-3-1913	1895
2 Grundejernes Hypotekforening (Landowners' Mortgage Association) . . . . .	756	13,109,900	12,813,400	325,790	31-3-1913	1905
3 Hypotekforeningen for Aalborg (Aalborg Mortgage Association) . . . . .	641	3,592,300	2,951,058	135,984	31-3-1913	1895
4 Hypotekforening for Aarhus (Aarhus Mortgage Association) . . . . .	1,282	10,123,800	7,771,960	248,923	31-3-1913	1895
5 Jydsk Hypotekforening (Jutland Mortgage Association) . . . . .	3,407	16,338,300	15,040,554	745,721	31-3-1913	1899
6 Østfjernes Hypotekforening (Mortgage Association for the Dioceses of the Islands) . . . . .	3,972	15,653,000	14,136,526	740,297	31-3-1913	1901
Total . . . . .	12,084	96,615,900	89,623,359	3,397,680	31-3-1913	
<i>Essentially Rural Mortgage Associations:</i>						
1 Jydsk Land-Hypotekforening (Jutland Rural Mortgage Association) . . . . .	5,241	9,560,500	9,120,404	545,629	31-3-1913	1906
2 Østfjernes Land Hypotekforening (Rural Mortgage Association of the Dioceses of the Islands) . . . . .	1,594	6,820,100	6,269,828	335,270	31-3-1913	1906
3 Husmands-Hypotekforeningen (Mortgage Association of Peasant Farmers) . . . . .	5,358	4,744,600	4,509,264	122,760	31-3-1913	1907
Total . . . . .	12,193	21,125,200	19,899,496	1,003,659	31-3-1913	
<i>Urban and Rural Associations: Total 1913 . . . . .</i>						
	24,277	117,741,100	109,522,855	4,401,339	31-3-1913	
	22,118	103,381,700	98,080,279	3,874,038	31-3-1912	
	20,553	95,428,100	90,143,296	3,476,031	31-3-1911	
	19,119	89,741,700	85,358,249	3,387,504	31-3-1910	



## FRANCE.

### AGRICULTURAL PRODUCE WARRANTS.

#### OFFICIAL SOURCE:

REPORT ON AGRICULTURAL PRODUCE WARRANTS, presented to the President of the Republic by the Minister of Agriculture, on December 29th., 1913.

The law of July 18th., 1898 on agricultural warrants belongs to the group of those by means of which Parliament and Government have attempted to place at the disposal of the peasant landowners all suitable means for the consolidation of their farms, in harmony with the development of the national agriculture.

The object of this law was by creating a system of credit on pledge for the advantage of the farmers, to adapt to their requirements an institution which has long been of the greatest service in commerce.

In spite of all the hopes this innovation legitimately gave rise to, it remained, however, for many years quite without effect. At the end of August, 1905 agricultural warrants had only been issued in 64 departments for an amount of 35,378,590 frs.

Impressed by the small results of the law, Parliament endeavoured, by law of April 30th., 1906 to reduce the number of its formalities, its delays and cost and to give the lender additional security.

The Government last year considered that sufficient time had passed since the promulgation of this latter law for the institution of a general enquiry in order to learn how far the new legislation had contributed to facilitate the use of agricultural warrants among the peasants.

The results of this enquiry will be found summarised in the following table.

Summary of Agricultural Warrants Issued in Terms of Law of April 30th., 1906, up to December 31st., 1912.

Appel Court	Number of Warrants	Total Value of Produce for which Warrants were Issued	Amounts Borrowed	Proportion per cent of the Amount Borrowed to the Value of the Produce for which Warrants were Issued	Grain		Industrial Produce	
					Total Value of Produce for which Warrants were Issued	Total Amount Borrowed	Total Value of Produce for which Warrants were Issued	Total Amount Borrowed
	2	3	4	5	6	7	8	9
Agen	816	2,001,005	1,105,447	55	170,130	—	30,670	—
Aix	76	303,860	148,450	48	69,600	—	—	—
Amiens	813	2,770,437	3,609,423	62	2,040,493	—	633,740	157,875
Angers	497	587,195	532,503	60	—	—	279,010	—
Bastia	70	—	122,800	—	28,800	—	—	—
Besançon	1,868	11,515,219	2,195,851	19	3,991,665	—	30,700	—
Bordeaux	12,834	100,598,675	53,961,366	53	489,272	—	279	—
Bourges	32	77,145	30,470	39	44,300	1,3470	—	—
Caen	275	1,632,030	892,380	54	45,760	—	44,320	—
Chambéry	9	30,200	10,570	34	7,000	—	—	—
Dijon	174	870,492	432,805	49	38,285	—	128,645	—
Donai	244	1,930,911	583,343	30	320,680	—	69,065	—
Grenoble	709	1,102,740	519,799	47	79,154	—	—	—
Limoges	2	8,500	7,000	82	—	—	—	—
Lyon	166	258,868	154,844	59	—	—	17,438	—
Montpellier	22,842	56,039,197	17,240,461	30	122,982	—	—	—
Nancy	74	228,605	146,364	64	20,180	—	15,000	—
Nîmes	520	2,340,950	1,202,239	51	2,400	1,700	4,000	3,000
Orléans	446	660,175	482,980	50	120,443	—	26,220	—
Pau	82	224,350	82,531	37	7,340	—	200	—
Poitiers	1,414	4,780,213	2,181,571	45	707,620	—	—	—
Reims	123	484,211	278,667	45	13,609	—	4,850	3,850
Riom	80	853,050	631,515	74	739,060	—	400	—
Rouen	226	918,080	470,281	51	235,883	—	70,370	—
Paris	1,270	not stated	2,791,337	—	—	—	—	—
Toulouse	221	1,472,495	1,502,368	100	67,993	—	34,000	—
Total	45,892	194,398,673	91,430,423	1,314	9,351,849	57,620	1,388,867	164,725
Algeria	1,124	9,970,360	5,540,261	55	3,457,558	1,844,231	309,575	143,875

Summary of Agricultural Warrants Issued in Terms of Law of April 30th., 1906, up to the End of December, 1912.

Appeal Court	Horned Cattle		Cattle Food, Straw, Lucerne		Wine		Miscellaneous	
	Total Value of Produce for which Warrants were Issued	Amounts Borrowed	Total Value of Produce for which Warrants were Issued	Amounts Borrowed	Total Value of Produce for which Warrants were Issued	Amounts Borrowed	Total Value of Produce for which Warrants were Issued	Amounts Borrowed
Agen	1,146,663	—	108,623	—	338,199	—	203,770	—
Aix	44,000	19,850	31,000	19,300	119,700	44,790	39,560	28,060
Amiens	3,110,304	—	—	—	211,975	189,939	—	—
Angers	386,210	184,689	—	—	—	—	94,000	—
Bastia	—	—	—	—	—	—	—	—
Besançon	74,854,64	—	—	—	4,800	—	—	—
Bordeaux	368,264	—	275,140	—	58,349,268	—	1,116,452	—
Bourges	53,345	10,800	—	—	—	—	195,900	—
Caen	1,346,657	—	—	—	—	—	19,500	—
Chambéry	3,700	—	4,000	—	516,196	—	3,500	—
Dijon	192,666	—	—	—	—	—	—	—
Donai	641,166	—	—	—	—	—	395,820	—
Grenoble	62,766	7,000	—	—	—	—	—	—
Limoges	8,000	—	500	—	79,080	—	12,000	—
Lyon	140,800	—	7,350	—	55,506,790	—	11,400	—
Montpellier	397,905	—	—	—	—	—	—	—
Nancy	193,425	—	—	—	—	—	—	—
Nîmes	33,480	22,185	1,200	800	2,196,005	1,169,866	4,600	1,350
Orléans	228,560	—	—	—	578,952	—	6,000	—
Pau	82,790	—	—	—	36,550	—	97,500	—
Poitiers	1,224,643	—	—	—	2,853,950	—	—	—
Rennes	291,242	156,413	—	—	1,4500	112,371	—	—
Riom	75,600	—	—	—	38,500	—	—	—
Rouen	611,827	—	—	—	—	—	—	—
Paris	—	—	—	—	—	—	—	—
Toulouse	146,650	—	11,700	—	1,206,852	—	5,300	—
Total	18,831,657	400,937	439,513	20,100	162,211,407	2,516,966	2,205,362	29,410
Algeria	1,015,255	667,551	123,940	77,259	4,582,332	2,597,770	9,070,360	5,540,271

It will be seen from this that the use of agricultural warrants has become satisfactorily general in the districts of certain appeal courts and it is no less certain that the French farmer is not yet quite familiar with the use of this system of credit on pledge.

In many regions the farmers still hesitate to have recourse to this mode of credit, either because they have an imperfect knowledge of it, or are indisposed to go through all the formalities it entails. Others, chiefly tenant farmers and métayers, make little use of this method of borrowing, as it obliges them to inform their landlords of their position, when temporarily in difficulties. Finally and most of all, the creditors in most cases are indisposed to accept the security of a perishable pledge, the value of which may sometimes be uncertain, on account of the principles the Civil Code establishes in the case of personal estate, and notwithstanding the restrictions of the law of 1906.

All these reasons explain the often considerable disproportion observed between the amount of the loan granted on the warrant and the value of the security offered by the borrower. In fact the average proportion of the amount borrowed to the value of the pledge, in the whole of France, is not more than 45  $\frac{1}{2}$  %.

Nevertheless, the law of April 30th., 1906, if it has not yet had the wide application that might fairly have been expected, has, however, so far been fruitful in good results, especially as it has allowed many peasants, desirous of assuring the progress of their farms, to escape from the exaggerated claims of certain money lenders. The Agricultural Department leaves nothing undone in inciting its agents to make the most active propaganda in behalf of a mode of credit which may give the humblest field labourers an opportunity of obtaining all the money they require and offering their creditors the best possible security.

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## PORTUGAL.

### WARRANTS IN PORTUGAL AND THE NEW REGULATIONS WITH REGARD TO THEM.

#### OFFICIAL SOURCES:

CODIGO COMMERCIAL (*Portuguese Commercial Code*), Lisbon, 1888.

LEI DE 10 DE MAIO DE 1907 (*Law of May 10th., 1907*).

DECRETO DE 27 DE JUNHO DE 1907 (*Decree of June 27th., 1907*).

LEI DE 18 DE SETEMBRO DE 1908 (*Law of September 18th., 1908*).

DECRETO DE 1 DE OUTUBRO DE 1908 (*Decree of October 1st., 1908*).

"DIARIO DO GOVÉRNO", no. 158, July 9th., 1913.

"DIARIO DO GOVÉRNO", no. 261, November 7th., 1913.

#### OTHER SOURCES:

"AGRICULTURA TRANSMONTANA" (*Agriculture of Traz os Montes*), nos. 22, 23 and 24 of 1909.

"BOLLETIN DA ASSOCIAÇÃO CENTRAL DE AGRICULTURA PORTUGUEZA", fuzionado com o "Portugual Agricola" (*Bulletin of the Central Association of Portuguese Agriculture*, supplement to *Agricultural Portugual*), Lisbon, 1907 to 1913.

#### § I. — A GLANCE AT THE LEGISLATION ANTERIOR TO THE DECREE OF NOVEMBER 7TH., 1913.

We shall not give a full history of the rôle warrants have played in Portugal. Although introduced in 1848, they were hardly utilised at all as a means of credit. We shall, therefore, only briefly summarise the laws in force previous to the Decree of November 7th., 1913 on general agricultural warehouses, of which we shall speak in another section.

Before the existing laws on warrants came into force, documents of title transferable by means of endorsement were regulated by the Portuguese Commercial Code, Part. XIV. Book II (1), by the Decree of May

(1) Portuguese Commercial Code, Art. 408 :

"On the receipt (*contecimento de deposito*) for produce and goods deposited in the General Agricultural Warehouses there shall be shown : (1) the name, profession and residence of the depositor ; (2) the place of deposit; (3) the nature and quantity of the goods deposited, with all indications necessary to establish their identity and value; (4) statement whether they have or have not paid all the taxes to which they may be liable and whether they are or are not insured.

§ 1st. To the receipt there shall be attached a warrant on which the same particulars shall be entered.

§ 2nd. The above document shall be extracted from a register, and the counterfoil kept in the archives of the establishment. "

10th., 1907, completed by the Executive Regulations of June 27th., 1907; and by the amendments made therein by law of September 18th., 1908 and Decree of October 1st. of the same year. By the Decree of May 10th., 1907 and the Executive Regulations of June 27th., 1907, an amount of 180 *contos de reis* (900,000 francs) is placed on the Estimates of the Department of Public Works, Commerce, Industry and Agriculture, to meet deficits due to the discounting of warrants. These were issued for brandy and spirits of wine and were discounted by the General Deposit and Thrift Bank (a State Institution), or any establishment which would undertake the charge, but the rate might not be more than 5 %. The term for discounting was one year, and, in exceptional cases, fixed by the Government, two years.

All suits in relation to warrants were dealt with by a special commission consisting of the President of the Central Market of Agricultural Produce, and two other members, appointed, one by the Central Association of Portuguese Agriculture, and the other by the Commercial Association.

The various credit institutions having evinced the greatest reluctance to discount warrants, the Government authorized the General Deposit Bank to do it, up to the amount of 1,200 *contos de reis* (6,000,000 frs.) and, in exceptional cases, up to 1,800 *contos* (9,000,000 frs.), after consultation with the Superior Board of Agriculture.

The warrants were discounted in the case of deposits in the General Warehouses of the Central Market for Agricultural Produce, up to the amount of 60 % of the value of the brandy and spirits of wine, at the rate of 2.62 *reis* (or 0.0131 frs.) per degree of alcohol, and in the case of deposits with private persons up to the amount of 50 % of the same value. But the second case was, however, quite exceptional.

In the first case 1%, and in the second 2 %, per annum was deducted for insurance against commercial losses. Whoever presented warrants to be discounted undertook to sell the goods deposited at the rate of 2.62 *reis* (0.0131 frs.) per degree of alcohol, by the litre, as soon as the management of the Central Market of Agricultural Produce could sell at that price. When the depositor did not find buyers after discounting the warrant, and consequently was not in a position to pay at date of maturity, the Commission granted him a week's grace, on the expiration of which, it proceeded to sell the goods. The sale was not necessarily by auction, but might be conducted privately, provided the price offered was not less than 10 % of that shown in the special register. In case of loss, the Commission paid the difference, taking the money for the purpose from the special fund of 180 *contos* (900,000 frs.), but only in case the insurance was insufficient to cover the loss.

The law of 1908 and the executive regulations for its application introduced some slight modifications of the above system: authorization was given to discount warrants issued in the case of wine deposited in the warehouses of the wine societies and regional wine societies of co-operative form, as well as of the Winemaking Companies founded in accordance with

special laws (1), which are bound by their rules to receive their members' wine. Discount could be given up to the amount of 60 % of the value of the alcohol in the wine, at the rate of 2.62 reis (0.0131 frs.) per degree of alcohol and by the litre. To meet any deficit due to the discounting of the warrants, an amount of 200 *contos de reis* (1,000,000 frs.) was entered on the estimates. It was thought that after the foundation of a "Winemaking Co-operative Society", issuing bonds at 5 % guaranteed by the State, and undertaking to have 150,000 hectolitres of wine always in stock, there would be no further need of warrants. In the same way, as it was thought that co-operative agricultural credit when once organized, would fully meet the requirements of the viticulturists, it was stipulated that the law on agricultural warrants should only remain in force up to the date of the promulgation of the proposed law on agricultural credit. Experience has, however, shown that the system of warrants must be continued, with slight alterations, notwithstanding that the State promoted the foundation of a Winemakers' Co-operative Society (2) with a capital of 10,000,000 frs. (2,000 *contos de reis*) on December 2<sup>nd</sup>., 1908 and promulgated the law on Agricultural Credit on March 2<sup>nd</sup>., 1910 (3).

We have just referred to small amendments introduced into the law on warrants. It had in fact been found that only the General Deposit Bank (a State institution) would undertake to discount the warrants, as private establishments found the rate of 5 % fixed by law too low (4); on the other hand, the large farmers almost alone benefited by the system of warrants, as is seen by the average amount of the loans being 5,500 frs. A reform was urgently needed. It has just been introduced in the Regulations of November 7<sup>th</sup>., 1913.

## § 2 THE ORGANIZATION OF THE GENERAL AGRICULTURAL WAREHOUSES IN THE REGULATIONS OF NOVEMBER 7<sup>TH</sup>., 1913.

A law (no. 26) of July 28<sup>th</sup>., 1913 divided Portugal into three large Agricultural Divisions for each of which there is an Agricultural Services Department, a Forestry Services Department and a Livestock Department. In each division, again, there are *sections*, managed by three sectional chiefs.

In accordance with the Regulations of November 7<sup>th</sup>., 1913, a General Agricultural Warehouse has been established for each of the three Agricultural Services Departments, for the reception of agricultural produce, manure, agricultural machinery and implements, whether as a *commercial deposit*, that is for some commercial object realised by the warehouse it-

(1) See *Bulletin of Economic and Social Intelligence*, no. 2. October-November, 1910, p. 192.

(2) See *Bulletin of Economic and Social Intelligence*, no. 2. October-November, 1910, p. 195.

(3) See *Bulletin of Economic and Social Intelligence* no. 5. May, 1911, p. 201.

(4) See *Bulletin of Economic and Social Intelligence*, no. 2. October-November, 1910, p. 183 and No. 10. October, 1913, p. 70.

self, or for *general warehouse purposes*, when the goods are deposited as security for documents of title transferable by means of endorsement, called receipts or warrants, under the conditions stipulated in Part XIV, Book II, of the Commercial Code. The warehouses may, in addition, undertake transport and delivery of the goods deposited, as well as their insurance and sale.

The goods that may be received as *commercial deposits* are grain, wine, olive oil, cork, wool, manure and agricultural machinery. For *general warehouse purposes*, grain, spirits, brandy, cork and wool may be accepted. The Government may also authorize deposit of other articles. In the case of perishables, it is for the depositors to take the measures considered necessary for their preservation. If need be, these measures are taken by the warehouse itself at the expense of the depositor, unless he withdraws his goods.

The depositors are bound to insure their goods for the amount of their real value and transfer the advantages of the contract to the board of management of the General Agricultural Warehouse. On its side, the board of the Warehouse is liable for damage caused by its employees, whether through carelessness or mistake. For the purpose, an amount of 3 *contos de reis* (or 15,000 frs.) for each General Agricultural Warehouse is entered on the Estimates of the Fomento Department.

The goods in deposit are undistrainable, unless the receipt or warrant is lost, except in cases of bankruptcy or disputed succession.

The Depositors may ask the General Warehouse for receipt and warrant. The receipts are signed by the Manager and the employee in charge of the General Warehouse and bear consecutive numbers, together with indication of the name, condition and profession of the depositor, the date and registered number of the deposit, its nature and amount and any other particulars necessary for its identification and valuation (number, nature, weight, volume etc.) as well as the amount for which it is insured.

The receipt and warrant, as above stated, are transferable by means of endorsement. This endorsement transfers the ownership of the goods deposited, when both the receipt and warrant are covered by it; but only the transfer of the rights of the bearer of the warrant, when the endorsement only refers to the receipt; and if it only refers to the warrant, it transfers to the person to whom it is endorsed the right conferred by pledge. The receipt and warrant may be both endorsed informally; by such endorsement the rights of the endorser are transferred to the bearer.

The first endorsement of the warrant must mention the amount of the credit guaranteed, the rate of interest and the date of maturity. The endorsement must besides, be registered, in a special book, kept in the General Warehouse, with indication of the amounts due for warehouse charges etc.

The bearer of the receipt may withdraw all or part of the goods, even before the expiration of the term of the credit guaranteed by the warrant. He may even sell them for his own advantage, provided he pays the warehouse the amount mentioned in the warrant, together with interest.



The bearer of the warrant who is not paid on date of maturity may have it protested, as in the case of a bill of exchange. Ten days after the protest the goods deposited may be sold at auction.

Before date of maturity of the warrant, the bearer may discount it, not only at the General Deposit and Thrift Bank, but also at the Mutual Agricultural Credit Banks (1) founded in conformity with the law of March 1st., 1912. The discount may not, however, exceed 50 % of the value of the goods deposited. In contrast with previous legislation, the new law attempts, as we see, to render the warrants negotiable.

Let us add that the minimum term for discount is three months and the maximum one year. In case the goods suffer depreciation which might reduce the realisable value anticipated by more than 20 %, the depositor must make an additional deposit. The goods are sold by auction or by private arrangement, but in any case, by an *official broker* employed only at the warehouse and appointed by the Government, or, if need be, by a *sales agent*.

Sales by private contract are made by means of samples altogether corresponding with the goods deposited and, if need be, subjected to analysis and carefully classified.

Sales by auction must be advertised five days in advance in the most widely circulating paper of the district of the General Warehouse and, in addition, posted at the door of the establishment. These advertisements and placards must state the nature and quantity of the goods, the weight and volume of each lot and the conditions for payment and delivery. In the case of sales on account of failure to pay, the advertisements must also be inserted in the *Diario do Governo*. Finally, two days before the auction, the goods must be exhibited. As the auction proceeds, the official broker or the sales agent enters in a special register the number of the lots dealt with, their volume and weight, the names and addresses of the seller and buyer and the price. The latter is paid over to the seller within forty-eight hours, after deduction of all costs and charges.

The revenue of the General Agricultural Warehouses is made up of 1st., a commission of  $\frac{1}{4}$  *real* (0.00125 frs.) per kilogram warehoused; 2nd., a warehouse charge, varying according as the goods remain exposed or have to be brought under cover. The minimum charge is fixed by the Government at the suggestion of the Technical Agricultural Councils of which we shall presently speak;

3rd., a charge for custody, fixed the same way;

4th., 5 % brokerage on the amount of the insurance premium;

5th., various charges; 50 reis (25 cent.) for registration on deposit and withdrawal; 150 reis (75 cent.) for each receipt and warrant; 350 reis (1 fr. 75) for sampling etc.

In each of the three Agricultural Divisions of Portugal there is a Technical Council composed of the three managers and the various sectional chiefs. Its duty is to supervise the General Agricultural Warehouse of

(1) See *Bulletin of Economic and Social Intelligence*, N. 10, October 1913, p. 70.

the Division, give advice as to its organization and act as a court of first instance in the case of law suits between the depositors and the Warehouse. It may also collect samples of the produce of the region in order to send them to the national and foreign markets, make experiments in agriculture and in the industrial arts, propose to Government, through the medium of the General Department of Agriculture, the measures it judges advisable for the improvement and the increase of production and the development of the trade in the agricultural produce of the region.

As far as the General Warehouse is concerned, the powers of the Council are delegated to the Head of the Agricultural Commercial Development Service, the real manager of the warehouse.

The three *General Warehouses* now existing may found branches in the various agricultural sections when they judge it necessary or advisable. These branches will be managed by a Council of Delegates, consisting of an Agricultural Delegate, a farmer and a merchant, elected by the Regional Chambers of Agriculture of the region.

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## ROUMANIA.

### MISCELLANEOUS NEWS.

**PEOPLE'S BANKS.** — The two greatest defects with which the Roumanian peasant is continually charged (and with which most of the farmers in many other countries might also be taxed) are ignorance and thriftlessness. Only the Transylvanian Roumanian, living in contact with other races, is at all economical. The Roumanian of Wallachia and Moldavia does not save; his expenditure is equal to his revenue, if indeed he does not raise money on the security of his future labour.

Under these conditions it is a pleasure to see how the spirit of economy and association is gradually developing, above all through the work of the co-operative societies and people's banks. In the *Anuar al Bancilor Populare si cooperativelor satesti pe 1911* (Yearbook of the People's Banks and Rural Co-operative Societies for 1911), we find a real balance sheet of the Roumanian agricultural credit co-operative societies. From this we see clearly that economy, a potent element of civilization is making progress year by year, as the statesmen foresaw it would who encouraged the foundation of the People's Banks and the various co-operative societies.

The following table shows the progressive advance of these institutions between September 1st., 1902 and December 31st., 1911:

Dates	Number of Banks	Number of Members	Nominal Capital — Lei	Paid up Capital — Lei	Deposits at Interest — Lei
September 1st., 1902 . . .	700	59,618	»	4,250,600	»
July 1st., 1904 . . .	1,625	121,786	10,086,021	6,850,977	2,431,213
December 31st., 1905 . . .	1,849	198,411	16,781,096	12,665,825	2,512,520
„ 1906 . . .	2,021	240,253	20,350,895	18,509,520	3,579,216
„ 1907 . . .	2,223	295,325	27,431,196	27,546,241	5,052,301
„ 1908 . . .	2,410	346,707	35,072,260	37,851,898	6,158,745
„ 1909 . . .	2,543	402,938	42,775,313	49,034,211	7,910,579
„ 1910 . . .	2,656	454,187	52,724,875	61,016,395	9,388,681
„ 1911 . . .	2,750	510,118	64,512,170	79,592,265	13,257,020

The advance made in 10 years is therefore really considerable. Of the 510,118 members at the end of 1911, 463,795, that is more than 90 %, were farmers, 9,253 were dealers, 3,823 priests and 4,801 schoolmasters. Of the whole number of members, 48.86 % were illiterate.

Let us give a few figures showing the distribution of the paid up capital:

		Belonging to members who had paid up			
Lei	7,312,486.15	or	9.19 %	2-50	Lei
"	6,050,063.53	"	7.60 "	50-100	"
"	8,388,796.55	"	10.54 "	100-200	"
"	12,904,354.93	"	16.21 "	200-500	"
"	12,211,109.10	"	15.34 "	500-1,000	"
"	13,259,174.34	"	16.66 "	1,000-2,000	"
"	19,466,280.83	"	24.46 "	2,000-5,000	"
Lei	79,592,265.52		100.00 %		

The members were divided as follows in regard to their paid up shares:

289,089	members, or	56.67 %	with a capital of	2-50	Lei
85,240	"	16.71 "	"	50-100	"
59,960	"	11.75 "	"	100-200	"
41,816	"	8.20 "	"	200-500	"
18,031	"	3.53 "	"	500-1,000	"
10,001	"	1.96 "	"	1,000-2,000	"
5,981	"	1.18 "	"	2,000-5,000	"
Total	510,118		100.00 %		

When the law on the People's Banks had to be amended, divergences arose, based on the assertion that the capital, instead of belonging to the more needy peasants, really belonged to the rich farmers of the villages. Now, if this assertion appears partly true as regards the paid up capital, 21.12% of which belongs to members who have contributed more than 1,000 lei, it is seen to be no longer so when we consider that 85 % of the members have contributed less than 200 lei. The numerical preponderance of less well to do members is therefore such that these banks may be considered as institutions really popular in character.

The total number of loans granted was 688,545 for a total of about 101,000,000 lei. Of these loans, 237,196, for an amount of 52,600,000 lei, were granted for purchase of livestock or agricultural implements; while 95,319, for a total amount of about 21,000,000 lei, were granted for purchase of farms.

The above mentioned *Yearbook* provides some interesting information with regard to the special form of collective farms known in Roumania under the name of *obste*. It is well known that these associations have made considerable progress as a result of the law of 1903 introduced by Take Protopopescu. Their progress is a great benefit for the national agricultural economy, since, besides being able to a large extent to meet the need the Roumanian peasant feels so deeply of having a farm to cultivate himself, it has also the immense advantage, that it gradually eliminates the class of tenant farmers, who have always been a real obstacle to good relations between the landowners and the peasants.

On September 30th., 1912 there were in Roumania 487 associations of this character, with 66,170 members occupying 309,922 ha. In the year 1911 alone, 168 new *obstii* were formed with more than 23,000 members, having at their disposal about 2,500,000 lei as guarantee for the lease of 158,000 hectares of a rental value of more than 6,500,000 lei.

But, if we consider the *obstii* from the point of view of the ownership of the farms leased, we shall see that the proportion leased from private landowners is continually increasing. For example, we find that 169 *obstii* have on hire 123,000 ha. from private owners and pay a rent of 4,300,000 lei. Besides this, 80 *obstii* hold 52,000 ha. belonging to the State and pay a rent of 1,000,000 lei; other 67 *obstii* have 83,500 ha. on hire from the trustees of the Civil Hospitals, and pay a rent of about 3,000,000 lei.

Finally, according to the last statistics, we may say, that, contrary to the assertions of certain detractors of the *obstii*, the produce of the farms of these associations is quite as good as those of the large private landowners.

(Summarised from the *Revista Economică și Financiară* of Bukarest, September 5th./18th., 1913, No. 453).

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# RUSSIA.

## POPULAR CREDIT IN RUSSIA.

by M. N. SCHÉRÉMÉTEFF, *Inspector of Popular Credit at Moscow.*

### OFFICIAL SOURCES :

IMPERIAL ORDER OF 20/7 JUNE, 1904 ON POPULAR CREDIT INSTITUTIONS.

PUBLICATIONS OF THE PEOPLE'S BANKS DEPARTMENT, FOR THE YEARS 1904-1910.

LE MESSAGER DU CRÉDIT POPULAIRE (*Popular Credit Messenger*). Weekly Review of the People's Banks Department, published at St. Petersburg: Year 1912, No. 29 and Year 1913, Nos. 36 and 37.

In the last few years popular credit has made considerable progress in Russia. There are several forms of institutions in the country for it:

(a) institutions of old type, founded especially for particular classes of the population (peasants, cosacks etc.).

(b) institutions of new type, of purely co-operative character. Among these latter there may be distinguished *co-operative credit societies* and *loan and savings co-operative societies*. According to the regulations of 1905, there is only this difference between the two forms: in the loan and savings co-operative societies each member must take a share, which is not necessary in the credit co-operative societies. But the amount of these shares is, as a rule, very small, seldom exceeding ten roubles and again they may be liberated gradually in instalments in the course of a number of years. On January 1st., 1911, the number of the institutions of old type was 4,809; they have no importance for the economic life of the country. Although their balance sheets show a total of 74,846,937 roubles, the societies are in liquidation and often they no longer exist except on paper.

On the other hand, the co-operative institutions are very prosperous, their number increases from year to year and their business is progressing.

From the statistics published by the People's Banks Department, we may reproduce the following figures :

Year	Number of Credit Co-operative Societies	Number of Members	Total shown on Balance Sheets in Thousands of Roubles
1903 . . . . .	1,136	447,058	49,684
1904 . . . . .	1,367	550,940	57,299
1905 . . . . .	1,630	729,107	68,079
1906 . . . . .	2,085	927,315	80,745
1907 . . . . .	3,081	1,383,669	106,361
1908 . . . . .	4,165	1,943,253	132,610
1909 . . . . .	5,391	2,610,564	172,449
1910 . . . . .	6,679	3,446,158	238,922
1911 . . . . .	8,420	4,682,096	342,590
1912 . . . . .	11,004	6,594,035	469,450
1913 . . . . .	12,237	7,632,777	609,837

It is seen from these figures that co-operative credit is making great progress in Russia and perhaps it is advancing there faster than in any other country. What must above all strike the reader is the number of members, which will soon be 8,000,000.

Co-operative credit in Russia presents several characteristic features of a certain interest.

The Government has contributed to a very large extent to the progress of the co-operative societies of the Empire. By the order of June 7th., 1904, the management and inspection of all the popular credit institutions was entrusted to the People's Banks Department, dependent on the State Bank.

The State Bank has placed unlimited amounts at the disposal of this Department, which, up to September 15th. last, had lent 12,469 co-operative credit institutions the amount of 192,696,300 roubles and 5,550 other non-co-operative popular credit institutions the amount of 21,535,900 roubles.

The People's Banks Department disposes of the services of more than 500 inspectors in the various regions of the Empire. These not only inspect the popular credit institutions, but also occupy themselves with co-operative instruction and the stimulation of private initiative.

They are also bound to attend the general meetings of the associations and advise them in difficult matters.

The popular credit inspectors have considerably assisted in the development of this form of credit in Russia. There are amongst them many graduates of the universities of the Empire, who are excellent guides and teachers for the rural population, amongst whom the want of educated men is painfully apparent.

Twice a year (on January 1st. and July 1st.), all the inspectors must report on the situation of the co-operative societies in the districts entrusted to them.

We reproduce below a table showing the total debits and credits of 12,237 popular credit co-operative institutions on July 1st., 1913.

	Thousands of Roubles	%
<i>Debits :</i>		
Share Capital . . . . .	79,498	13.0
Loans from the State Bank . . . . .	111,678	18.3
Loans from Other Institutions . . . . .	386,390	63.4
Miscellaneous . . . . .	32,271	5.3
	<hr/>	<hr/>
Total . . . . .	609,837	100.0
 <i>Credits :</i>		
Cash, Amounts invested in Credit Institutions and Documents of Title . . . . .	54,326	8.9
Loans . . . . .	519,101	85.1
Miscellaneous . . . . .	36,410	6
	<hr/>	<hr/>
Total . . . . .	609,837	100.0

As we see, the Government has lent the credit co-operative societies more than 100,000,000 roubles.

What is still more characteristic of the credit co-operative societies of Russia is the large number of members in the societies; on January 1st., 1912, the average number per society was 556; on January 1st., 1913, 599; and on July 1st., 1913 it had increased to 607. This is because the Russian co-operative society does not limit its business to one village alone (as the German societies do); the Russian societies are obliged to extend their action to immense districts often inhabited by more than a thousand families.

Let us add that the average indebtedness of each member is very low; the average loan per member was on January 1st., 1913 only 60.2 roubles.

The rate of interest the societies charge is very high; in those newly founded it is usually as much as 12%; the lowest rate charged is 10%, after three or four years of work. This is due to the scarcity of money in Russia.

The rate of discount the State Bank charges the popular credit institutions is 6%.



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The interest paid by the co-operative societies on deposits is as a rule between 5 and 8 %.

The rate of interest on loans is certainly very high ; yet it must not be forgotten that the peasants, long oppressed by usurers, all the same find it to their advantage, as is witnessed by their resorting to the co-operative credit societies in ever greater number.

Besides the popular credit co-operative institutions and the popular credit organizations of old type, there are also in Russia the *Zemstvo popular credit banks*, a detailed account of which was given in the number of this Bulletin for September, 1912.

The Zemstvo Banks are central organizations for granting credit to the co-operative societies. Among these banks some also lend to private individuals, but this extension of their sphere of action has not failed to arouse serious objections. On January 1st., 1912 there were 107 of these banks and they showed on their balance sheets a total of 26,956,000 roubles.

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## Part IV: Miscellaneous

### ARGENTINA.

#### MISCELLANEOUS NEWS.

THE EXTENSION OF HOME COLONISATION. — As we have had occasion to observe in former articles in this Bulletin (1), the chief problem of Argentine agricultural economics has always been that of colonisation: the subdivision of farms, the establishment of the colonist on the land he cultivates, in one word, the increase of the numbers in the phalanx of peasant farmers.

The governing classes understand that the extraordinary development of agricultural production in the last twenty years is rather due to the progressive exploitation of new territories than to a continuous work of colonisation and a land regime such as might ensure the prosperity of agriculture together with the welfare of the farmers. One of the chief causes of the agrarian agitations to be deplored in the principal agricultural districts of the Republic is to be found, writes the Minister of Agriculture in an official document, in the fact that the very great majority of the Argentine farmers are tenant farmers or metayers on land owned by private individuals or colonisation undertakings. In recent times we have seen the Government and Parliament, therefore, devoting themselves with renewed vigour to the study of the best means for encouraging the development of agricultural holdings and seconding it by the encouragement of co-operative association (2). Several bills on the subject are awaiting discussion; we shall here give a short account of an important one introduced by the Government and a law recently passed in the Province of Cordoba.

(1) See especially, in the number for October, 1913, the article "Some Indications of the Economic and Agricultural Progress of Argentina."

(2) With regard to co-operation, see the article "The Co-operative Movement in Argentine Agriculture", in the number of this Bulletin for December, 1913.



I. — BILL FOR AGRICULTURAL COLONIZATION PRESENTED BY THE MINISTER OF AGRICULTURE, THE HON. SEÑOR MUJICA (JULY, 1913). — In order to attain the ends it aims at, that is to say the subdivision and sale of land suited for agricultural colonies, the Government Bill makes appeal in three quarters for contributions, to the State, the large landowners and the railway companies. It is greatly to the interest of both the landowners and the railway companies to unite in the solution of the problem. It is necessary also for the Government to intervene to facilitate for the proprietor the work of subdivision of the land and its sale in lots and to guarantee the seller the purchase price and the purchaser a convenient system of payment. With this object, the Bill proposes that the National Mortgage Bank should intervene (1). As far as the railway companies are concerned, their colonising action finds an incentive in the power that has been accorded to the Government of expropriating in their behalf the land along the lines of railways, to be afterwards allotted to colonists without any immediate gain to the companies. Finally, direct colonisation by the State meets an immediate need in the more intensely cultivated and more populous districts, and in those where the existing system of land contract fomented trouble between the proprietors and colonists. Let us now examine more closely the bearing of the bill.

*State Colonisation.* — It is first of all proposed that the Executive Authorities should acquire 5,000 hectares of good land by means of purchase, when land held by co-heirs is sold at auction or by means of expropriation, in each of the following provinces, Buenos Aires, Santa Fé, Entre Rios, and Cordoba, belonging to the most fertile and wealthiest part called the *grain region* (2). The land acquired in this way must not be more than 10 kms. from a railway station and must be divided into lots of not more than 40 hectares in the first two of these provinces nor 80 in the other two, and must be granted to the colonists at cost price increased by the amount of expenses incurred. Payment of 10 % must be made at once: the remainder in fifteen annual instalments with interest at 7 %. In allotting the holdings, preference must be given to farmers and among these to those resident in the nearest district, and, among these again, to native or naturalized citizens with the largest number of children, who are Argentine subjects. In no case, may more than one holding be allotted to a single person. Each purchaser shall be obliged to occupy and cultivate his holding himself for the first five years, under penalty of annulment of contract and loss of the instalments paid. During the above period the holding acquired in this way is only transferable by inheritance.

(1) With regard to the nature and work of this Institute, see the number of this Bulletin for January, 1914.

(2) See the article mentioned above in the number of this Bulletin for October, 1913.

For the carrying out of this programme by the Executive Authorities a maximum expenditure of 8,000,000 pesos (17,600,000 frs.) is authorized, which will be made good by means of the instalments paid by the purchasers. This expenditure shall be met out of the ordinary funds for which provision is made in the Budget. In case of their being insufficient, recourse may be had to credit.

*Private Colonisation with Intervention of the National Mortgage Bank.*— Individual landowners or colonisation societies that, in terms of the present law, subdivide farms in order to sell them, in small holdings, may request the National Mortgage Bank for a special loan for each lot, when they have presented their plan of subdivision. In case of good land, supplied with water and not more than 20 km. from a railway station, the Bank will grant loans up to 80 % of the estimated value of the holdings which do not exceed 30 hectares in area, and up to 70 % when the area is from 30 to 80 hectares, always provided the estimated value of the lots is less than 10,000 pesos. In case of lots of larger area, the ordinary percentage will be given. The proprietor of the land cannot receive the amount immediately the loan is granted, but the Bank is bound for one year to grant loans to possible purchasers, gradually as the sales are arranged, always provided the purchasers have fulfilled the following conditions, 1st., they must not have purchased more than one holding, nor owe the Bank for more than one; 2nd., they must have entered into possession of the holding for which the loan is made; 3rd., they must have paid the seller the difference between the price of the holding and the amount of the loan granted. At the moment of the passing of the loan, the seller shall receive the amount as part of the price in the presence of the purchaser.

Also in this case the obligation is imposed on the latter of living on the farm and cultivating it: severe penalties are imposed on anyone simulating the sale of lots with the object of obtaining for himself the loans to purchasers authorized by this law.

*Colonisation Carried out by Railway Companies.*— The Executive Authorities are authorized to deal with the railway companies formed or to be formed in reference to the colonisation of land suited for agriculture along the railway lines and within 10 kms from them.

The Government may expropriate this land, provided always that the area is not less than 5,000 hectares and at least  $\frac{2}{3}$  are under cultivation.

The undertaking, in accordance with Government Order, must deposit the amount for the expropriation to be made: after the expropriation, the land shall be registered in the name of the contracting undertaking on payment of the corresponding amount. The company shall be bound immediately to divide the land into lots of not more than 100 hectares, which shall be offered for sale on the same conditions as established by this law for State Colonisation. The undertaking, however, when once the land is subdivided, may ask the National Mortgage Bank for a loan in bonds of not more than 60 % of the estimated value of each

holding. The loan will become effective gradually with the sale of the lots. The purchaser must make himself responsible for the mortgage loan and the balance of the price shall be paid in ten instalments with interest at 7 %. As regards this balance, the undertaking shall be guaranteed by a second mortgage on the land sold.

*General Provisions.* — The draft law, in order to consolidate the small farms thus formed, provides that for the first ten years no writ of execution shall have force in regard to holdings of less than 80 ha. and they shall be undistrainable. The same provision shall apply in the case of the farm implements, machinery, livestock for farm use, seeds etc, as well as to furniture of common use. Special fiscal exemptions shall, finally, be granted in the case of the various legal deeds.

(Summarised from the Bulletin of the Agricultural Department, August, September, 1913).

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2. — A COLONISATION LAW FOR THE PROVINCE OF CORDOBA. — The Parliament of the Province of Cordoba has recently passed a bill for the encouragement of agricultural colonisation, by means of State intervention. The Executive Authorities are authorized to acquire, by means of purchase at auction or expropriation, 2,500 hectares of first quality land and 200 hectares of irrigated land on condition of its not being more than 10 kms. from a railway station.

As a result of expropriation, this land is declared to be of public utility. The land of the first class must be cultivated with grain and will be subdivided into holdings of 25 hectares each; that of the second class will be divided into 5 hectare lots and planted with fruit trees.

In no case, may anyone acquire more than 100 hectares of grain land, nor more than 15 ha. of irrigated land.

Professional farmers shall have, the, preference, and among these such as reside in the neighbourhood, are citizens of Argentina, and have the largest number of children.

The land will be sold at cost price, increased by the amount of the expenditure incurred; the purchaser shall pay 10 % at once, the balance in 15 monthly instalments, together with 7 % a year on the balance due: payment of the instalments may also be made in advance. The purchase contract, is final, but the land remains mortgaged until the price is paid in full.

Within five years from the passing of the contract, the purchaser must have brought the land under cultivation: he must live on the land and cultivate it himself. If he does not fulfil the above conditions, the sale is void and the land reverts to the State: the colonist loses the instalments and interest paid and has no right to any compensation.

The land in question is exempt from Government taxes for 15 years; during all that time no writ of execution can be enforced against it, nor

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shall it be distrainable etc. and the same applies to the seeds, machinery, livestock etc.

The proprietor or the capitalistic undertaking may enjoy the benefits of the law, on condition of conforming to the provisions contained in it. The undertaking shall have the right to reserve to itself the third part of the land intended for colonisation, in order to sell it when and how it pleases. The Executive Authorities may take over 20% of the land purchased by the undertaking, granting it a corresponding number of provincial bonds, redeemable in 15 years at 6%. The produce of the land acquired by the Treasury in the above proportion shall be exclusively reserved for payment of interest and redemption of bonds.

The Executive Authorities are authorized to utilise for the purpose of carrying out the law the revenue from taxes on threshing machines, hulling machines etc. as well as the purchase price of the holdings.

(Summarised from the *Gaceta Rural*, Buenos-Aires, October, 1913).

## BELGIUM.

### REPORT OF THE " COMMISSION FOR THE CULTIVATION OF WASTE LAND," AND THE MEASURES PROPOSED FOR THE CONSIDERATION OF THE GOVERNMENT.

#### SOURCES:

COMMISSION DE LA MISE EN VALEUR DES TERRES INCULTES: Rapport général (*Commission for the Cultivation of Waste Land: General Report*). Department of Agriculture and Public Works: Rural Office: Reports and Communications; no. 6. Brussels. Printed by M. Weissenbruch. 1913.

#### § I. ORIGIN AND OFFICE OF THE COMMISSION.

In the number of this Bulletin for February, 1913, the subject of the rise in price of food stuffs, and especially of meat, in Belgium, was fully examined. This is one of the problems most urgently demanding solution to-day and there is not a single country in which it has not presented itself in recent years.

Much has been written about its causes, which are certainly complex, but the principal seems to be that production does not keep pace with consumption, which has considerably increased, not merely in industrial but also in agricultural centres.

In Belgium the crisis became acute in 1911, owing to drought and thrush fever which seriously affected agricultural production and especially animal produce.

In the summer the markets were disturbed by the so-called " butter riots " and the lively protests of the consumers.

In view of these events, political bodies, associations and private students have turned their attention to the problem, in search of adequate remedies.

The important subject was also dealt with in the Chamber of Representatives, in consequence of certain questions presented in various sessions in January, 1911. The debate was almost exclusively on the subject of the high price of meat, and closed with the approval of a resolution, presented by M. Hellequette, expressing confidence in the measures the Govern-



ment undertook to adopt in regard to the food supply of the working classes, for ensuring public health and increasing agricultural production.

However, towards the end of the year, the Government instituted a Commission, called "The Butchers' Meat Commission", for the reorganization of the trade in horned cattle and butchers' meat, in the interest both of consumers and producers. The "Central Belgian Agricultural Society," for its part, began studying the subject of the rise in price of food stuffs generally and instituted a diligent enquiry.

Now the reader will remember that one of the principal conclusions arrived at by this society, in view of the general increase of consumption, was the necessity of intensifying production to the greatest extent and by every means possible. And the *Butchers' Meat Commission* also arrived at a similar conclusion, proposing to increase the area of the country under cultivation by means of the transformation of the moors and heaths into arable land and meadows, and also proposing the grant of subsidies to stimulate undertakings for the purpose on the part of public or private institutions, as, for example, the foundation of a society like the *Heideontginningsmaatschappij* of Holland, "capable of undertaking on a large scale the clearing and cultivation of moors and heaths for the account of the communes and of individuals, under the supervision of the State and guaranteed by it".

Precisely to accelerate the cultivation of this land and to harmonize public and private action for the purpose, by Decree of September 5th., 1912, the Government instituted a special commission to study measures that may contribute to the solution of the above problem and to propose their realization to the competent authorities.

Twenty five persons were appointed to form part of this Commission, chosen from among various classes, public officials, professors of economics, landed proprietors etc. Amongst others, let us mention M. De Vuyst, General Manager of the Rural Bureau; M. Schreiber, General Manager of Agriculture; M. De Marneffe, General Inspector of Waters and Forests; M. Maertens, General Manager of Communal Roads; and M. Tibbaut, president of the Superior Council of Agriculture, who was appointed President of the Commission.

Numerous and interesting preparatory reports were drafted by the various members and submitted for discussion; finally, a recently published general report summarises the work of the Commission and its conclusions. From these documents we have derived the facts and figures for the present article.

## § 2. THE AREA UNCULTIVATED IN BELGIUM.

The general agricultural census of 1895 (the work in connection with that of 1910 is not yet terminated) showed that at that date there were in the whole kingdom 169,329 hectares of uncultivated land, 104,365 ha. of it belonging to private owners and 64,964 ha. to the State, the Communes and other public institutions.

On the other hand, the report of a Commission, instituted in 1900 for the study of the Campine from the point of view of forestry, informs us that the two provinces of Antwerp and Limburg at that date had altogether 77,000 hectares of heath land, 40,000 of which were owned by private individuals. To this must be added, in the opinion of the same Commission, the area of all forests that are badly regulated and impoverished, infested with insects and fated to become moorland, unless steps are at once taken to restore the fertility of the soil. The Commission therefore held there was no exaggeration in estimating at 140,000 ha. the total area of the land to be improved and cultivated scientifically in the Campine district. Considering, however, that all this area could not for economic reasons be converted into fields and meadows, the commission came to the conclusion that, of the above 140,000 ha., at least 50,000 could be with advantage utilised for agriculture.

Statistics are wanting in the case of the other provinces, but it is calculated that there are today in Belgium more than 100,000 hectares that might be transformed into arable and meadow land, without counting all the land that might be rendered more productive by means of works of agricultural improvement and especially by drainage.

### § 3. PROPOSALS IN REGARD TO THE ROAD SYSTEM AND THE REGULATION OF WATERS.

The cultivation of farms first of all calls for the construction of many roads and a system of drainage. Extensive moors and heaths are in fact only abandoned on account of the want of roads. Almost always the mere opening of a suitable road is enough to promote the clearing of the land and the erection of the first rural buildings. It is therefore urgent, observes the report above mentioned, to request the public authorities to make the roads indispensable for the work of drainage and chiefly the large roads giving means of access, when considerable areas have to be cleared.

When this duty is entrusted to the communes, the State and the provinces should grant them subsidies and special facilities.

But if it is desirable to stimulate public action for the purpose, private action must not be abandoned, and therefore, the Commission, considering that, under the existing Belgian laws, no form of society would lend itself to the constitution of road making consortiums amongst private individuals, proposes the passing of a special law to authorize the landowners to associate for the construction and maintenance of rural roads, granting such consortiums rights and privileges analogous to those of the *Wateringues*. These latter are associations formed for the drainage of marshy land and enjoy important privileges; indeed, not only have they civil personality, but they have the character of public administrations, that is, they are real public authorities which, within the limits of their powers and of their districts, may appropriate, impose direct taxes, publish special police regulations etc.

As regards the regulation of the water supply, which is of capital importance for the subject under consideration, the Commission holding

that not only the owners of land on the banks of rivers but all the inhabitants of a commune or a region are interested in the good regulation of the watercourses, both for economic reasons and for reasons of health, expresses its desire for a stricter and more extended system of drainage.

#### § 4. CONCLUSIONS AND PROPOSALS FOR THE CULTIVATION OF COMMUNAL WASTE LAND.

As a result of the provisions of the law of March 25th., 1847 on the clearing of waste land belonging to communes, the greater part of such land was granted to private individuals, under the condition of their cultivating it as farm land or forest land, and a very small portion was cultivated by the communes themselves directly.

The law was intended in this way to promote the rapid disappearance of waste land and the most practical means to this end seemed to be the conversion of public land into private property. But the end was not attained. The sale of land on a large scale favoured the wholesale purchase of communal land by private individuals who kept it uncultivated, without improving it in any way.

Certainly the conditions under which drainage may be carried out vary somewhat according as the land is situated in the Ardennes or in the Campine. And indeed, whilst in the Ardennes it is comparatively easy and remunerative from the beginning, it is rather difficult in the Campine and requires much capital and it is long before it gives a return.

In regard to the Ardennes district, where the land is usually cultivated by residents of the district who take the farms on lease and work them, while they remain the property of the communes, the Commission proposes that the whole area still available may be cultivated in this way, special privileges being granted to the poorer members of the commune and subletting of the holdings being forbidden. It is proposed that communes averse to this should be obliged to let out parcels of not more than one hectare at an estimated price, to the poorer members of the commune at their request. It is proposed further that copsewood yielding little be cleared.

In the case of the Campine, the Commission advises that facilities be given to the Communes to arrange long leases, allowing the tenants to undertake work requiring time for its accomplishment and to erect the necessary buildings.

In the contract there should be a clause allowing of the purchase of the land when drained or at least a clause recognising the right to compensation for improvements. It is also advisable to sell small holders parcels to be immediately cleared. Coercion might be had recourse to when communes show no intention of proceeding to clear their land on the above system.

Finally, in regard to the whole kingdom, the Commission asks that the funds needed for draining the land may be advanced to the communes at

low interest and that the work be carried out under the supervision of the competent officers. For the purpose, it suggests the appointment of a Commission, consisting of an employee of the Department of Waters and Forests, a Government agricultural engineer and a representative of the commune, who shall divide the communal land into three classes: 1st., land that can be profitably cultivated; 2nd., land unsuited for agriculture by its nature or its distance from inhabited centres, but capable of being cultivated as forest or in some other way; 3rd., land unsuited for any kind of cultivation.

The principal object of the Commission would of course be to collect information so as to hasten the carrying out of the works.

#### § 5. CONCLUSIONS AND PROPOSALS FOR THE CULTIVATION OF WASTE LAND BELONGING TO PRIVATE OWNERS.

There is no doubt that the question of the cultivation of private landed property is of still greater importance.

As we have seen, out of a total of 169,329 hectares of uncultivated land, according to the Census Returns of 1895, 104,365 ha. belonged to private owners and 64,964 ha. to the State, the communes and other public institutions.

In the case of private land, the difficulties are certainly more serious. And in fact, in the first place, land tends to rise in value with the increase of manufactures in the Campine, for farms require a larger investment of capital. In the second place, labour, the most essential item in farming, is being more and more attracted to the centres of industrial production and is beginning to cost more and more.

It is held, on the other hand, that as a rule, the cultivation of waste land can only be entrusted to private enterprise, as, in this way alone, we read in the report, can immediate and permanent results be obtained and above all — it is said — the small land owner must be allowed the benefit of it: for the large landowner, the work of clearing is often a mere financial operation; for the small proprietor, it is on the other hand an occasion for saving and an urgent incentive to work. But for the purchase of a piece of land, the adequate preparation of the soil, its cultivation and the erection of the necessary buildings, considerable funds are required. How are they to be obtained? The Commission, adducing the example of what has already been done in Belgium in behalf of the Societies for the building of workmen's houses, proposes that the Government should intervene, — as in this case also the undertaking is one of public utility — and lend the agricultural credit institutes at low interest the funds they require for the purchase and cultivation of the land, in addition to this, granting subsidies either by way of encouragement to small landowners who make definite tender for the work, or by way of reward for the results already obtained. With the above loans on conditions of favour and the subsidies, there should be also granted special fiscal facilities and finally by means of lectures, practical lessons and prize competitions, a knowledge of the best systems of farming should be diffused.

Lastly, in respect to the encouragements to be given to the large landed proprietors, it was the opinion of the Commission that they must be limited to roadmaking and the improvement of roads and the supply of water and the improvement of the existing supply, and to the grant of the right to consult free of charge the various technical offices of the State (Agricultural Hydraulic, Government Agricultural Engineering and Forestry Offices).

#### § 6. SOCIETY FOR THE CULTIVATION OF WASTE LAND.

The utility of a special organization to promote and assist the various undertakings initiated for the clearance of moor and heath land does not need to be proved. Up to the present, these undertakings have been left exclusively to the individual owners of small and medium sized farms. Now it is evident that mere individual effort asks for too much time. Convinced of this, the Commission passed the following vote:

1. That a co-operative society may speedily be formed, with regional divisions, for the purposes of (a) studying and carrying out all works of clearing, farm improvement, the bringing of land under cultivation whether for agricultural or forestry purposes, rural buildings etc ; (b) maintenance of the works carried out ; (c) extension of pisciculture ; (d) search for and employment of all means that may lead to the rapid and productive cultivation of waste land, such as drainage, irrigation, road construction etc. ;

2. That the public authorities may encourage such a society, by grant of subventions for all its undertakings of public or collective interest;

3. Finally, that the officers of the proper departments of State (Agricultural Waters and Forests, Agricultural Hydraulics and Road Construction) may perform for this society and its members an office similar to that performed by the State agricultural engineers and forestry agents in the case of private individuals.

The reader will remember that shortly after the passing of this vote a society of the kind was founded at Louvain on the initiative of some members of the Commission with which we are dealing: its organization was dealt with in the number of this Bulletin for August, 1913, pp. 24 et seqq.

Finally, as far as the Campine in particular is concerned, the Commission calls the attention of those concerned to the advantage that might be derived from contracts and the collective undertaking of work. An intermediary, a private contractor or society, might, that is to say, substitute the landowner and the whole work of clearing and bringing the land under cultivation might be carried out for private account and with private capital, the advantage consisting either in the use of the land for a length of time or in a share in the produce or in the ownership.

If these undertakings are organized in such a way as really to guarantee the speedy bringing of the land under cultivation, the Commission considers that the Government will have every interest in encouraging their foundation, either with special subsidies or by the subscription of shares or again by advances of money.

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## FRANCE.

### THE RESULTS OF THE LAW ON UNDISTRAINABLE HOMESTEADS.

#### OFFICIAL SOURCE :

REPORT made on December 29th., 1913 by the Minister of Agriculture to the President of the French Republic on the Results obtained up to the present by means of the Law of July 12th., 1909 for the Constitution of Undistrainable Homesteads.

The law of July 12th., 1909 introduced into France an institution of extreme social importance, authorizing the formation of what have long been known in the United States as *Homesteads*, the results of which have been found very satisfactory in all the countries in which trial has been made of the system in recent years.

This law, in fact, allows every small farmer to place beyond the possibility of expropriation and seizure a holding of a value not exceeding 8,000 francs, occupied and worked by his family and possibly consisting of a house or separate portion of a house, or of a house and land adjacent to it or near it.

So important a reform, conflicting in many ways with the ancient French law on obligations, and appreciably modifying the mode in which credit on land is granted and the security for it, and necessarily entailing the completion of a certain number of formalities on the part of those desirous of benefiting by it, was naturally bound in its application to encounter the difficulties usual in the case of laws involving important changes in the economic social order.

Thus the law on the formation of undistrainable homesteads is far from having led, amongst the people for whose benefit it was passed, who are still insufficiently enlightened in the matter, to the results that may justly be expected from an institution which, however, so exactly corresponds with the essentially individualistic tendencies of the small farmer and his affection for his land.

The Minister of Agriculture, however, considered that a few years would suffice to show the value and extent of the services rendered by this new law and the causes, if any, that might impede its suitable application on a large scale. He then proceeded to hold an enquiry, the results of which were communicated to the President of the Republic on December 29th. last.

This enquiry has shown that, since the promulgation of the law, 243 homesteads have been formed, 85 in towns and 158 in the country. They have been formed in 47 of the departments; the value of the holding seldom reaches the maximum laid down in the law and the average seems to be 4,000 or 5,000 frs.

The departments in which most homesteads have been formed are Seine-et-Oise, 12; Seine, 11; Seine-et-Marne, 9; Eure-et-Loir, 9; Aisne, 8; Oise, 8.

It will be easy to form an idea of the distribution of the homesteads, up to the present formed, their number and average value in the various departments from the following table :

Departments	Number of Homesteads Formed	Character of Ho'dings		Average Value
		Urban	Rural	
Ain . . . . .	3	"	3	4,165
Aisne . . . . .	8	2	6	3,780
Allier . . . . .	2	"	2	5,000
Alpes (Basses-) . . . . .	2	"	2	6,000
Alpes (Hautes-) . . . . .	"	"	"	"
Alpes-Maritimes . . . . .	1	"	1	5,000
Ardèche . . . . .	3	"	3	5,375
Ardennes . . . . .	1	"	1	8,000
Ariège . . . . .	"	"	"	"
Aube . . . . .	3	2	1	5,860
Aude . . . . .	2	"	2	5,700
Aveyron . . . . .	1	"	1	4,000
Bouches-du-Rhône . . . . .	9	5	4	5,925
Calvados . . . . .	1	"	1	2,800
Cantal . . . . .	"	"	"	"
Charente . . . . .	4	"	4	6,500
Charente-Inférieure . . . . .	5	"	5	2,865
Cher . . . . .	1	1	"	4,000
Corrèze . . . . .	1	"	1	7,000
Corsica . . . . .	"	"	"	"
Côte-d'Or . . . . .	7	4	3	5,880
Côtes-du-Nord . . . . .	"	"	"	"
Creuse . . . . .	2	"	2	4,800
Dordogne . . . . .	1	"	1	2,000
Doubs . . . . .	2	"	2	5,000

Departments	Number of Homesteads Formed	Character of Holdings		Average Value
		Urban	Rural	
Drôme . . . . .	3	1	2	6,830
Eure . . . . .	6	2	4	6,770
Eure-et-Loir . . . . .	9	5	4	4,440
Finistère . . . . .	2	2	"	4,750
Gard . . . . .	1	"	1	5,000
Garonne (Haute-) . . . . .	8	7	1	5,500
Gers . . . . .	2	"	2	5,500
Gironde . . . . .	12	1	11	5,450
Hérault . . . . .	"	"	"	"
Ille-et-Vilaine . . . . .	3	1	2	5,665
Indre . . . . .	"	"	"	"
Indre-et-Loire . . . . .	2	"	2	6,635
Isère . . . . .	2	1	1	6,500
Jura . . . . .	1	"	1	6,700
Landes . . . . .	3	2	1	3,400
Loir-et-Cher . . . . .	"	"	"	"
Loire . . . . .	"	"	"	"
Loire (Haute-) . . . . .	2	"	2	3,500
Loire-Inférieure . . . . .	3	1	2	4,965
Loiret . . . . .	2	1	1	5,000
Lot . . . . .	"	"	"	"
Lot-et-Garonne . . . . .	"	"	"	"
Lozère . . . . .	3	1	2	3,600
Maine-et-Loire . . . . .	3	"	3	7,000
Manche . . . . .	2	"	2	6,675
Marne . . . . .	6	2	4	5,265
Marne (Haute-) . . . . .	4	2	2	6,130
Mayenne . . . . .	2	"	2	7,000
Meurthe-et-Moselle . . . . .	3	1	2	6,000
Meuse . . . . .	7	"	7	4,373
Morbihan . . . . .	2	"	2	3,900
Nièvre . . . . .	2	2	"	5,250
Nord . . . . .	5	3	2	4,675
Oise . . . . .	8	2	6	3,235
Orne . . . . .	"	"	"	"



Departments	Number of Homesteads Formed	Character of Holdings		Average Value
		Urban	Rural	
Pas-de-Calais . . . . .	4	1	3	2,675
Puy-de-Dôme . . . . .	"	"	"	"
Pyrénées (Basses-) . . . . .	1	"	1	6,000
Pyrénées (Hautes-) . . . . .	2	"	2	3,500
Pyrénées-Orientales . . . . .	1	1	"	5,500
Rhin (Haut-) (Belfort) . . . . .	"	"	"	"
Rhône . . . . .	1	"	1	8,000
Saône (Haute-) . . . . .	"	"	"	"
Saône-et-Loire . . . . .	1	"	1	7,500
Sarthe . . . . .	2	"	2	5,000
Savoie . . . . .	"	"	"	"
Savoie (Haute-) . . . . .	3	2	1	4,500
Seine . . . . .	11	6	5	5,745
Seine-Inférieure . . . . .	4	4	"	7,375
Seine-et-Marne . . . . .	9	5	4	4,790
Seine-et-Oise . . . . .	12	4	8	5,164
Sèvres (Deux-) . . . . .	"	"	"	"
Somme . . . . .	6	1	5	5,815
Tarn . . . . .	5	4	1	5,500
Tarn-et-Garonne . . . . .	1	1	"	5,510
Var . . . . .	3	"	3	6,000
Vaucluse . . . . .	1	"	1	5,000
Vendée . . . . .	"	"	"	"
Vienne . . . . .	2	"	2	5,140
Vienne (Haute-) . . . . .	"	"	"	"
Vosges . . . . .	1	1	"	8,000
Yonne . . . . .	6	4	2	4,360
Total . . . . .	243	85	158	

Independently of this statistical information, the Minister also wished to know the causes, if any, contributing to arrest the progress of the institution of homesteads, as well as the amendments that must be made in the law in order to promote its extension.

On this subject, the chambers of notaries, consulted through the attorneys general of the various appeal courts, came to decisions embodied in the most interesting of the documents.

These bodies consider, generally, that still too often the persons who might benefit by it are unaware of the law; that it requires too many and too complicated formalities to be gone through and that above all the formation of a homestead leads, in most cases, to the refusal of all credit to the land holder, who is thus placed in a worse position and even exposed to danger, rather than in enjoyment of increased security.

They indicate further a certain number of amendments of a legal character that might be made in the law to facilitate its application.

The Government has spared no pains to make the law known as widely as possible, especially by, in two successive years, assigning rewards and special prizes for posters or designs, essays or books relating to the subject of homesteads. It has also prepared a very detailed commentary on the law to serve as a guide and forwarded it to all the chambers of notaries, the magistrates and the registrars of their courts, and many copies are despatched daily to parties applying for them and to the agricultural mutual associations in all the departments. Finally, the agents of the departments dependent on the Ministerial Department have been instructed to insist more and more in their courses of lectures on the benefits the peasant farmers may derive from the institution of the Homestead.

With regard to the law itself, the Government proposes to examine with the briefest possible delay whether it will not be possible at once to reduce and simplify the formalities for the formation of homesteads. In addition, it has profited by the occasion offered by the codification of the laws on mutual and agricultural credit, to insert in a bill, which will, within a few days, be laid before the Chamber of Deputies, a special provision enabling the person forming a homestead, in accordance with article 2,103 of the Civil Code, to obtain from the mutual agricultural credit banks the amount he requires for the purchase of the small farm he desires to convert into a homestead. This amendment to the law will have the effect of temporarily suspending, until repayment of the loan, and in favour only of the mutual agricultural credit bank advancing the money, the undrainable character of the holding which shall remain pleadable against other parties. It is hoped that this provision will largely contribute to the spread of the institution and happily complete the series of measures by which the Parliament and the Government have attempted as far as possible to defend and protect peasant holdings.

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## GREAT BRITAIN AND IRELAND.

### SMALL HOLDINGS IN SCOTLAND AND THE EFFECTS OF RECENT LEGISLATION REGARDING THEM

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#### SOURCES (OFFICIAL):

REPORTS OF THE CROFTERS COMMISSION, and especially the final Report, for the period from 31st. December, 1910 to 31st. March, 1912.

REPORTS OF THE CONGESTED DISTRICTS BOARD, and especially the final Report for the year ended 31st. March, 1912.

REPORT OF THE SCOTTISH LAND COURT for the period from 1st. April to 31st. December, 1912.

FIRST REPORT OF THE BOARD OF AGRICULTURE FOR SCOTLAND, for the same period.

#### INTRODUCTION.

The Small Landholders (Scotland) Act, which came into force on 1st. April, 1912, introduced great changes into the system of tenure of small agricultural holdings in Scotland. The main features of the Act are (1) the extension to the whole of Scotland, with certain modifications, of the regulations regarding land tenure which had been applied to the "crofting counties" by the Crofters Holdings Act, 1886, and subsequent amending Acts; (2) the provision of machinery for the constitution by State action of new small holdings to be occupied on a similar tenure.

For the purpose of carrying out the provisions of the Act two new bodies were established, the Scottish Land Court, a court of law having powers similar to those of the Crofters Commission, but wider; and the Board of Agriculture for Scotland, an administrative body which is concerned not only with small holdings but with Scottish agriculture in general. Among its other duties the Board carries on those imposed on the Congested Districts Board, which, like the Crofters Commission, ceased to exist at 1st. April, 1912.

It is proposed in this paper to give an account of the work of the Crofters Commission and the Congested Districts Board, of the provisions of the Act of 1911, and of the work done by the Land Court and the Board of Agriculture in carrying out these provisions up to 31st. December, 1912.

## § I. THE "CROFTING COUNTIES."

The Crofter's Holdings Act of 1886 of applied to the seven counties (1) of Argyll, Inverness, Ross and Cromarty, Sutherland, Caithness, Orkney and Shetland, which among them embrace almost the whole of the western and northern Highlands, and the whole of the islands lying to the west and north of Scotland. These counties extend altogether to an area of 14,000 square miles, or nearly half the whole area of Scotland. They include, however, only 15 per cent. of the "cultivated land," i. e. the land under crops and grass; the proportion of their area used for this purpose being 8 per cent. as compared with 41 per cent. in the rest of Scotland. The rent returned as paid for agricultural holdings in these counties amounted in 1906 (when a special return (2) on this subject was made) to £589,000, which is 11 per cent. of the whole amount returned for Scotland, and is only a trifle more than the amount returned for the single county of Aberdeen. The population in 1911 was 335,000 or 7 per cent. of the population of Scotland. It reached its maximum in 1851, when it was 395,000, or nearly 14 per cent. of the population of the whole country; since then every decade has shown a decrease.

The actual extent of land under crops and grass in these seven counties (excluding holdings of one acre or less) in 1912 was 722,000 acres. This was divided among 29,650 holdings, the average size of holding being thus 24 acres, as compared with 85 acres for the rest of Scotland and 62 acres for the country as a whole. The proportion of holdings not exceeding 50 acres, which in the rest of Scotland is about one-half, is in these counties nine-tenths.

In these statements no account is taken of the mountain and heath land used for grazing, which occupies a very large proportion of the area not only of these counties but of the whole country. The total area of land used in this way is about 8,900,000 acres, or 46 per cent. of the whole area of Scotland. In this matter the difference between the crofting counties and several of the other counties of Scotland is not very marked. There is, however, a striking difference in the nature of the occupancy of these rough grazings in the two districts into which Scotland is considered as divided. In the remaining counties of Scotland such land is held mainly by large sheep farmers who occupy thousands of acres. Large sheep farms are common also in the crofting counties, but a considerable proportion of the rough grazings are — except in Orkney and Caithness — used in common by the tenants of groups of small arable holdings, these groups forming "townships."

(1) It actually applied to such parishes within these counties as should be declared to be "crofting parishes", but only 11 out of the whole number of 162 parishes were excluded from its operation.

(2) The return is entitled "Occupiers of Farms (Scotland)" and was presented to the House of Commons on 25th. April, 1907.

The existence of these common grazings—either at the date of the Act or in previous time—was in fact one of the determining points in the definition of a crofting parish, to be referred to later. They form one of the modifying factors to be taken into account in considering the economic status of the small holder in the crofting counties. The other main factor is the fishing industry, which has, however, of recent years been taken more and more out of the hands of the small local men by the better equipped fishermen of the east coast.

Agricultural conditions in these counties are not, of course, entirely uniform. Very great differences in the extent of land available for agriculture, in its fertility, and in the use that is made of it by the occupiers, are naturally found in so wide a territory. The general statements made above are, however, sufficient to show that this large area has from an agricultural point of view a character of its own. The typical holding consists of a small amount of arable land with the right to a share in a common grazing, or of a small piece of land occupied by a man who is also engaged in fishing. Of the special characteristic of the inhabitant of these districts, whether Celtic or Norse, it is unnecessary to speak.

## § 2. THE CROFTERS' HOLDINGS ACT, 1886.

This Act was the outcome of an agrarian crisis in certain parts of the Highlands comparable in intensity, though not in extensiveness, with the agrarian troubles of Ireland. The "clearances" of the early 19th. century, when small holdings were destroyed to make room for large sheep farms, were bitterly remembered. Later the movement has been from sheep farms to deer forests. The cultivators were either forced to leave the country altogether or crowded together on the poorest parts of the land on holdings too small to afford a living. The principal grievances felt by them were insecurity of tenure, excessive rents and the difficulty of obtaining enlargements of their holdings. As regards the first, the natural feeling of men whose families had for generations occupied the same holdings was that they had a claim to retain them. Legally, however, their tenure was only from year to year, and there was no protection against removal. Again, they were, like the Irish tenants, liable to be rented on their own improvements, and had no power to obtain compensation for these on removal. Their attachment to their homes made them willing to pay excessive rents; arrears of rent were, however, very common. There was little encouragement to make the most of the land, such as it was, and the standard both of agriculture and of living was and still is, especially in some parts of the Outer Hebrides, very low. A period of agitation finally resulted in open violence. Rents were refused and organised raids were made on large farms. Gunboats were sent by the Government to restore order, but it was recognised that mere repression was of no use. The efforts of those who has long been working for constitutional remedies resulted in the

passing of the Act of 1886, which was designed to remove the grievances spoken of above.

The principal provisions of the Act were that a crofter should not be removed from his holding except for the breach of certain statutory conditions, that he should have the right to have a fair rent fixed by public authority, and that on renouncing or being removed from his holding he should receive compensation for improvements effected by himself or his predecessors in the same family. The crofter was defined as "any person who at the passing of the Act is tenant of a holding from year to year, who resides on his holding, the annual rent of which does not exceed £30 in money, and which is situated within a crofting parish, and the successors of such person, being his heirs or legatees." A crofting parish was defined as "a parish in which there are at the commencement of this Act, or have been within 80 years prior thereto, holdings consisting of arable land held with a right of pasturage in common with others, and in which there still are tenants from year to year, who reside on their holdings, the annual rent of which respectively does not exceed £30 in money, at the commencement of this Act." The return relating to the year 1906, already mentioned, shows that in the crofting counties seven-eighths of the agricultural holdings were of an annual value not exceeding £30. Of the 162 parishes in these counties, 151 were declared to be crofting parishes.

### § 3. WORK OF THE CROFTERS' COMMISSION.

For the purpose of carrying out the provisions of the Act, there was established the Crofters' Commission, a body of three Commissioners having power to fix fair rents and to deal with arrears of rent in the case of holdings to which the Act applied. Fair rents fixed by them might be revised after an interval of seven years. They were also empowered to sanction in certain circumstances the resumption of a crofter's holding by the landlord, and to fix the amount of compensation due to a crofter who renounced or was removed from his holding; and further, to compel land to be provided, on certain conditions, for the enlargement of crofters' holdings, and to make regulations for the management of common grazings by local committees, and for the exercise of other common rights such as the taking of seaweed and peat.

The Commission was in existence for 25 years, and dealt with over 21,000 applications for the fixing of a fair rent, including applications for revaluation. The total area inspected by them in connection with these applications included 213,000 acres in individual occupancy, and 1,750,000 acres occupied as common grazings. The "old" rents of the holdings dealt with amounted to £89,500, and the fair rents fixed by the Commission to £67,500, a reduction of nearly 25 per cent. The total amount of arrears dealt with was £186,000, of which two-thirds were cancelled. The amount of arrears cancelled appears large, but as the Commissioners state in their

last Report, from which these particulars are taken, in many cases the arrears consisted of the accumulations of generations, and although they might be regarded on paper as assets, they were really irrecoverable; while in other cases they arose on rents which the Commission held were not fair rents, and were cancelled in terms of the Act. The Commission also dealt with 4,300 applications for the enlargement of holdings, and assigned for this purpose over 72,000 acres of land, mainly pastoral.

A marked improvement in the social condition of the crofters has resulted from the provisions of the Act and the labours of the Commission, especially in the matter of housing. The improved dwellinghouses now to be seen in the townships of the west coast and the western islands have not indeed been paid for out of the produce of the land, but rather out of the earnings of the sons and daughters of the crofters who have migrated to the lowlands, or have emigrated to Canada and the other British dominions. But the increased security given to the crofter in the possession of the improvements provided by himself, and the certainty of continued occupation of the holding, have made it more reasonable for him to invest in this way any surplus he may have, from whatever source derived. The diminution of rents has given sensible relief to the population of these districts, where the circulation of money is not large. Some improvement is noted in the methods of cultivation employed, and in the management of the common grazings, but in these matters much may yet be done.

The Commission, however, carried on their work under certain limitations. It may be doubted whether it was a sound policy to confer, as the Act did, the same perpetuity of tenure on the extremely small holdings in the island of Lewis as on the larger, though still small, holdings found in other of the crofting districts. Another complication found, especially in Lewis, is the existence of "squatters"—persons occupying part of a croft which is already too small to afford a living to the tenant, and paying part of the rent to him. The conditions of Lewis form a problem apart. But any drastic action would have encountered great difficulties, and it was simpler to treat alike all holdings under the statutory limit. The Commission were thus precluded from any possibility of rearranging the tenure of land in such cases. But, further, they had no power to form new holdings where they were required, or to assist migration from congested districts. Their powers in connection with the enlargement of holdings were limited by various restrictions on the choice of land for this purpose and on the amount that might be allotted to applicants. Finally, they had no funds at their disposal for any purpose beyond their administrative expenses.

A Royal Commission appointed in 1892 to consider the question of land available for crofters' holdings reported that 1,783,000 acres not at that time used for this purpose might be so used. There was then a strong movement for further legislation in the crofting districts as well as in the remaining parts of Scotland, which will be spoken of later.

## § 4. THE CONGESTED DISTRICTS BOARD AND ITS WORK.

It was partly in order to remedy the limitations thus placed upon the work of the Crofters Commission, and partly in order to provide more extended assistance out of public funds, that the Congested Districts Board was established in 1897, following a precedent already set in the administration of Ireland. This Board consisted of the Secretary for Scotland, the Under-Secretary for Scotland, the Chairmen of three of the administrative bodies concerned with the districts in which it was to operate—the Local Government Board for Scotland, the Fishery Board for Scotland and the Crofters Commission—and certain other members. They were empowered to aid the development of agriculture, fishing and home industries, in the congested districts, migration from these districts to other parts of Scotland, the formation of new holdings and the provision of public works, such as piers, roads and bridges. For these purposes an annual sum of £35,000 was made available. The sphere of their operations, as defined by them, having regard to population and valuation, extended until the year 1911 to 65 out of the 151 crofting parishes, including practically all the western islands from Islay to Lewis, almost the whole of the county of Sutherland, most of Orkney and Shetland, and smaller parts of Caithness and the mainland parts of Ross and Inverness. In 1911 the whole of the crofting parishes were brought within their sphere.

The operations of the Board extended over a period of more than fourteen years. During that time they expended over £500,000, including both grants and loans, in carrying out the various duties imposed on them.

The policy of land settlement was carried out by the purchase of estates and by co-operation with landlords in the provision of new holdings and enlargements. Six estates, extending altogether to 84,000 acres, were purchased at a total cost of £120,000, and these, where they were not already occupied by small holders, were divided into holdings of suitable sizes. On three of the estates these holdings were sold to settlers at purchase price annuities. Loans were also made to the settlers for the purpose of providing buildings. Subsequently, however, the settlers on two of the estates asked that they might be placed instead in the status of crofters, paying rent for the land instead of purchase annuities. This was done, and these crofters are now, as "landholders" under the Act of 1911, the tenants of the Board of Agriculture of Scotland, in succession to the Congested Districts Board. In the third case a similar request was made, but it was pointed out to the settlers that the land had been disposed of to them on such favourable terms that they would receive no advantage from the proposed change, and no further steps have been taken in the matter. In all three cases the chief reason for the dissatisfaction of the settlers was the burden of the "owner's rates"—that proportion of the local taxation which is levied on the proprietor of land or buildings. This is a point of consider-



able importance with regard to the system of land tenure established by the Acts of 1886 to 1911.

In other cases the Board co-operated with landlords in carrying out schemes of land settlement—usually involving the sub-division of large farms by making grants for the necessary fencing, etc., and by making loans to new holders for the purpose of erecting buildings.

Altogether they assisted in providing 640 new holdings and over 1,100 enlargements of existing holdings. The whole amount expended in grants and loans in connection with these schemes was about £220,000.

Large sums were also expended by the Board on public works of various kinds in the congested districts—piers, roads, bridges, etc. The assistance thus given usually took the form of a grant of three-fourths of the total cost of such works, made to the local authority which undertook the execution of the work and the subsequent upkeep. In several cases the grant amounted to £5,000 and in one case to £10,000. The whole amount actually paid in this way up to 21st. March, 1912 was about £130,000 besides considerable sums granted but not yet paid over.

In their schemes for the promotion of agriculture the Board had regard mainly to the improvement of live stock, as the Western Highlands and Islands are more suited to pastoral farming than to the growing of crops. Under these schemes the Board purchased nearly 700 bulls and lent them out to the committees in charge of the common grazings. Over 2,000 rams, the property of the Board, were lent out in the same way, and a certain number of Highland pony stallions were also provided. As a result of these arrangements, a marked improvement has taken place in the quality of the live stock in many of the congested districts. Further encouragement was given by grants in aid of local agricultural shows. For the improvement of poultry, it was arranged that eggs of pure breeds should be supplied from certain approved stations at a small charge, the Board subsidizing the station-holders. Schemes were also undertaken for the supply of seed oats and potatoes of better varieties than those commonly grown, and for instruction in the spraying of potatoes to prevent disease: these however met with only a moderate degree of success. About £60,000 was spent on schemes under this head.

Aid was also given for the improvement of the home industries of the congested districts, especially the spinning and weaving of "Harris" tweed, and schemes were introduced for the apprenticing of boys to trades and for the training of girls for domestic service.

The public works, the provision of which was aided by the Board, were in many cases of special service to fishermen. The Board also took steps to secure the improvement of communications between the islands and the mainland and maintained a number of minor sea-lights at various points.

In addition to the work done by the Congested Districts Board, the Fishery Board lent considerable sums to fishermen for the purchase or repair of boats, on the security of the boats themselves. This scheme was

not, however, carried out to the full extent originally contemplated, the experiment not being regarded as entirely successful.

#### § 5. THE SMALL LANDHOLDERS ACT, 1911.

While the peculiar conditions of the Highland counties were thus provided for, there was no legislation dealing specially with the tenure of existing small holdings throughout the rest of Scotland. The Agricultural Holdings Acts of 1883 and 1908 were designed to protect the rights of agricultural tenants, but without special reference to small holdings. The main clauses of the latter provide for (1) compensation for improvements of various kinds carried out by the tenant with special provisions for the benefit of market gardeners; (2) compensation (a) for damage done by game (b) for "unreasonable disturbance" by refusal on the part of the landlord to renew the tenant's occupancy; (3) the right of bequeathing the remainder of a lease; (4) greater freedom in the system of cropping.

Certain Acts had been passed with the object of facilitating the formation of allotments and small holdings, the administration of which was entrusted to local authorities, but owing to the absence of financial resources other than the local rates these Acts had had little effect.

In certain districts, such as the island of Arran and the upland parts of Perthshire, the conditions of land tenure were very like those in the districts already dealt with by the Crofters Act, while in Aberdeenshire and the neighbouring counties there were many small holders who had reclaimed land for cultivation and had carried out other improvements, with or without adequate consideration from their landlords. In the country as a whole the number of small holdings was diminishing and the rural population was decreasing. There was, therefore, both from the point of view of the individual small holder, and as a matter of public policy, a demand for a general measure on the lines of the Crofters Act.

A Bill was introduced in 1895 for the purpose of extending that Act in an amended form to the counties north of the Tay not already included, and to Bute, but it did not become law. The Small Landholders Act, as finally passed, was the last of a series of Bills introduced in 1906, 1907 and 1908, which, however, failed to become law during the Parliament of 1906 to 1909. It was reintroduced in 1911 in the same form as in 1908, and, subject to certain amendments inserted at the instance of the Opposition, was passed by both Houses of Parliament in that session, coming into force on 1st. April, 1912.

The leading features of the Act (1) are, as already stated, the extension of the Crofters Acts, with considerable modifications, to the whole of Scotland, and the provision of means for the constitution of new small holdings. The new Act has to be read along with the earlier Act and the amending Acts passed afterwards (which are of relatively small importance), and it constitutes with them the code described as "The Landholders Acts, 1886, to 1911."

The principal modifications are (1) the raising of the limit of rent for a small holding from £30 to £50, with the further inclusion of holdings of a higher rent, the area of which does not exceed 50 acres (2); the distinction made between two classes of small holders under the Act — (a) the "landholders", and (b) the "statutory small tenant." (3)

It is impossible at present to state precisely the number of existing holdings brought under the operation of the Act, but it may roughly stated as between 50,000 and 60,000 (including the holdings of existing crofters) or about two-thirds of the agricultural holdings in Scotland. The number of persons returned in 1906 as occupying agricultural land of a gross annual value not exceeding £50 was 62,300; but this total includes a considerable number of persons whose land is excluded from the operation of the Act (4) while on the other hand it does not include those who occupy holdings exceeding £50 in rent but not exceeding 50 acres in extent.

The name "crofter" was abolished by the Act, and that of "landholder" substituted. All existing crofters became landholders at 1st. April 1912. The existing small holder who was not a crofter becomes a landholder if he or his predecessors in the same family have provided the whole or the greater part of the buildings and other permanent improvements without receiving payment or fair consideration from the landlords. Otherwise he becomes a statutory small tenant. In the case of tenants from year to year, the provisions of the Act applied at 1st. April, 1912; in the case of leaseholders they apply on the expiration of the lease, or the occurrence of a "break" in it. All occupiers of new holdings constituted under the Act become landholders.

There is no compulsion on landlord or tenant to take any steps to bring an existing holding under the operation of the Act, but they may come to an agreement that the tenant is a landholder or a statutory small tenant, or either of them may apply to the Land Court to decide whether the holding is one to which the Act applies, and if so whether the tenant is a landholder or a statutory small tenant, and to fix a fair or an equitable rent accordingly.

### § 6. THE LANDHOLDER.

The landholder's tenure is essentially that of the crofter. He has the right — subject to the fulfilment of certain statutory conditions, and subject also to a right of resumption by the landlord for certain purposes, with the sanction of the Land Court — to occupy the holding perpetually at

(1) A French translation of the full text is given in the *Annuaire International de Législation Agricole*, 1911, pp. 695-727.

(2) Except in the district of Lewis, where the limits are £30 and 30 acres.

(3) This distinction was not originally included in the Bill, but was introduced in the course of discussion.

(4) The kinds of land excluded are given in sec. 20 of the Act.

a rent fixed by the Land Court, with power of renunciation and of bequest to a member of his family (1); failing bequest his right in the holding descends to his heir-at-law, but the holding cannot be sub-divided. Residence on the holding is no longer necessary, but the existing small holder must reside within two miles of his holding if he is to be qualified under the Act. The provisions as to compensation on renunciation or removal remain unchanged.

The change of name from crofter to landholder is a consequence of the extension of this tenure to the whole of Scotland. The effect of the earlier Act was to give legal validity to an old customary form of tenure in the Highlands, but the new Act created in the rest of Scotland a new species of tenure which required a new term.

#### § 7. THE STATUTORY SMALL TENANT.

The statutory small tenant is an occupier, otherwise qualified under the Act, of a holding where the landlord has provided or paid for the whole or the greater part of the buildings, etc. By far the greater proportion of the existing smallholders in the area of Scotland not included in the crofting counties come into this class. The tenant has in this case a *prima facie* right to a renewal of his tenancy on its expiration, on the same terms as before. But if he and his landlord cannot agree on the amount of the rent and the period of the lease, either of them may apply to the Land Court to fix an equitable (2) rent and to fix the period for which the tenancy is to be renewed—generally, in practice, seven years. Thus, with the right to have his rent fixed by the Land Court, and with the right to a periodical renewal of his occupancy, the statutory small tenant shares the essentials of the landholder's tenure. As in the case of the landholder, his rights extend to his statutory successors. It should be noted that this class of tenant is limited to those existing at 1st. April, 1912 and their statutory successors. No new tenant can be placed in it. On the other hand, if the landlord fails to maintain the buildings, etc., in a reasonable manner, the Land Court may declare the statutory small tenant to be a landholder. It is also possible to turn any such holdings, when they become vacant, into landholders' holdings, as "new holdings."

#### § 8. PRESERVATION OF EXISTING SMALL HOLDINGS.

Besides these provisions for the benefit of existing small holders, the Act contains provisions for securing the continued existence of small holdings as such. When a landholder's holding falls, or is about to fall, vacant,

(1) The landholder may also, with the consent of the Land Court, assign his holding to a member of his family if he is no longer able by reason of illness, old age or infirmity, to cultivate it himself.

(2) Directions as to the method of fixing the rent are given in Sec. 26 (3) of the Act.

the landlord must intimate the fact to the Board, and he may not, without the Board's consent and the intervention, on their application, of the Land Court, let it except to a new holder under the Act or to a neighbouring landholder for the enlargement of his holding. A holding which has been occupied by a statutory small tenant may be let to a tenant outside the scope of the Act, or it may be let as a "new holding" to a landholder, but it may not be merged in another holding without the consent of the Board.

The Board are further required to compile a Register of Small Holdings, whether occupied by landholders or statutory small tenants or not. The Register is to include all agricultural holdings within one or other of the limits of rent and acreage laid down in the Act.

### § 9. FORMATION OF NEW HOLDINGS.

The Act in no way affects the right of a landlord to form a small holding and let it to a tenant on any terms which may be arranged between them. Extensive powers are, however, conferred on the Board and on the Land Court for the constitution of new holdings. The procedure is laid down in Section 7 of the Act. Two alternative courses are contemplated—agreement with the landlord of the land which it is proposed to form into new holdings, and procedure by means of a Compulsory Order issued by the Land Court on the application of the Board. The first steps are taken by the Commissioner for Small Holdings, one of the members of the Board, who is charged with the duty of reporting to the Board on the demand for holdings in any district and the supply of land available (1) to meet it, and of entering upon negotiations with the landlords of such land for the adjustment of a scheme of land settlement. If the landlord refuses to negotiate, or if no agreement can be reached on the scheme submitted by the Commissioner, the Board may apply to the Land Court for a Compulsory Order to make the scheme effective. The Court is to determine what land, if any, specified in the scheme is to be formed into holdings, what is the fair rent for each holding, and whatever else may be necessary to make the scheme effective and to adjust the rights of parties concerned. In the normal course the Court will indicate in their Order what amount of compensation they think is due to the landlord and to the present tenant (if any) of the land, as a consequence of the formation of the new holdings. If either of these persons claims compensation to an amount exceeding £300, he may have his claim settled by arbitration instead of by the Land Court. Should the Board think the amount of compensation awarded makes the scheme unduly expensive, they need not proceed with it. Should they determine to proceed, they will make the Order of the Court effective by entering on the land, carrying out any works that may be necessary.

(1) For the limitations on the choice of land for this purpose see Section 7 (2), (5) and (16) and Section 26 of the Act.

and establishing duly qualified applicants as landholders on the new holdings thus formed. They are enjoined to give reasonable consideration to objections stated by the landlord to any applicant, and, other things being equal, they are to give a preference to applicants preferred by him.

The assistance provided by the Board towards the establishment of new holdings is given in two ways. Access roads and water supply, where necessary, are provided without charge to the landholder. The work thus undertaken does not become the property of either the landlord or the tenant, in the sense that neither will the landlord be able to demand rent for them nor the tenant compensation. Loans are made to new holders for buildings and for fencing. Building loans are repayable by instalments over a period of 50 years, at the rate of £4 per annum for each £100 borrowed. This includes repayment of principal, payment of interest on outstanding principal, and payment of premium for fire insurance; the nominal rate of interest charged is 3½ per cent. Fencing loans are repayable in a period not exceeding seven years. The Act does not provide for the making of loans for the purpose of stocking holdings.

#### § 10. ENLARGEMENT OF EXISTING HOLDINGS.

The facilities provided by the Act of 1886 for the enlargement of holdings by Compulsory Order have been greatly extended by the Act of 1911. A single landholder may now obtain an enlargement of his holding, whereas under the earlier Act it was necessary for a least five crofters to make joint application, and most of the restrictions on the kind of land which might be taken for this purpose have been removed. The procedure in such cases is, on the whole, much the same as that described above. The Board are, however, precluded from entertaining applications for enlargement except in cases where the landholder has previously made application to the landlord without effect. The Act does not provide for the enlargement of the holding of a statutory small tenant by Compulsory Order. Additional land may, however, be obtained by a tenant of this class as a new holding, to be occupied by him on the landholder's tenure, while retaining his existing holding as a statutory small tenant.

#### § 11. THE SCOTTISH LAND COURT.

The Land Court consists of five members appointed by the Crown on the recommendation of the Secretary for Scotland. The present Chairman of the Court had been since 1908 Chairman of the Crofters Commission. As in the case of the Commission, one of the members must be able to speak the Gaelic language.

The Court have full power to hear and determine all matters of law and of fact for the purposes of the Small Landholders Acts. On questions

of law appeal may be made to the Court of Session, who are finally to determine them without further appeal to the House of Lords.

Three members form a quorum, and one or more members may exercise delegated powers subject to review by the full Court of three or more members. The officials employed by the Court include clerks, surveyors, assessors, etc., but unlike other courts of law they have no executive officers to put their decrees in force. These decrees are executed by the sheriff of the county in which the holding concerned is situated.

The work of the Court falls under three main heads —

(1) Applications for the determination of the status of existing holdings and for the fixing of a fair or an equitable rent.

(2) Applications relating to other powers exercisable by them in relation to existing holdings.

(3) Applications by the Board for Compulsory Orders in relation to schemes for the constitution of new holdings or the enlargement of existing holdings.

The headquarters of the Court are in Edinburgh, but most of their work under heads (1) and (2) is done locally, and under the provision for the exercise of delegated powers two or even three sections of the Court may deal at one time with cases in different districts. Applications are heard in some convenient place, and in most cases the holding is inspected by the Court before they give their decision.

#### § 12. WORK OF THE LAND COURT.

When the Land Court came into existence there were 634 cases left over by the Crofters Commission, and up to 31st. December, 1912, the date at which their first report is made, they had received 1,808 further applications of all kinds. Of these 1,569 were from the crofting counties, 146 were from the county of Bute, and 93 from the remaining counties of Scotland. The overwhelming preponderance of cases from the crofting counties is due to the fact that the operation of the Crofters Act had for 25 years been familiar in these localities, and the more extended rights conferred by the new Act were at once taken advantage of, while in the rest of Scotland the procedure was unfamiliar, and small holders did not at once avail themselves of their rights. The one exception is the county of Bute, or rather the island of Arran. Small holders there had long felt it a grievance that they were excluded from the operation of the earlier Act, and they at once took steps to secure the benefits conferred by the new Acts. During the year 1913 the number of applications received from the other counties of Scotland has rapidly increased.

Up to the end of the year 1912 the Court had dealt with 646 applications. Of these cases, 256 were first applications by landholders for the fixing of a fair rent. The original rents amounted altogether to £2,227 and the fair rents fixed to £1,568, a diminution of 30 per cent. The arrears amounted to £1,722, of which 84 per cent. was cancelled. There were

99 applications by landholders for revaluation. In these cases the rents had already been reduced by the Crofters Commission from £914 to £700, and a further reduction of 20 per cent. was made, the new rents amounting to £562. In 89 cases equitable rents were fixed for statutory small tenants; the original rents amounted to £ 1,582, and the new to £ 1,180, a diminution of 25 per cent. It will be observed that the average rent of the holdings of the statutory small tenants concerned is considerably higher than that of the holdings of the landholders. This is accounted for partly by the fact that the former were of larger average acreage than the latter, and partly by the fact that the rent in the case of statutory small tenants necessarily consists in a greater degree of payment on account of improvements effected by the landlords. The remaining applications dealt with were of a miscellaneous character.

A large number of important legal questions emerged in the consideration of these cases; the Orders of the Court in cases of special interest are given in the Report, with the explanatory notes accompanying the Orders.

### § 13. THE BOARD OF AGRICULTURE FOR SCOTLAND.

The Board of Agriculture consists of three members, the Chairman and two Commissioners, appointed by the Crown on the recommendation of the Secretary for Scotland. One of the Commissioners is designated Commissioner for Small Holdings, and is specially charged with certain duties relating to the constitution of new holdings, etc. The work of the Board is carried out in accordance with the instructions of the Secretary for Scotland, who is the Minister responsible to Parliament for the administration of the Small Landholders Act. The Board is charged with the general duty of promoting the interest of agriculture, forestry and other rural industries in Scotland, collecting statistics, making inquiries, experiments and research, and aiding and developing instruction in these subjects. All the powers and duties formerly exercisable in Scotland by the Board of Agriculture and Fisheries were transferred to the Board by the Act of 1911, except those relating to diseases of animals and ordnance survey, which were reserved. There were also transferred to it the powers and duties of the Congested Districts Board (which ceased to exist at 1st. April, 1912), and the supervision exercised by the Scotch Education Department over agricultural education in Scotland, while new powers were created and new duties were laid upon it with regard to small holdings, as already indicated.

In the internal organization of the Board, the Commissioner for Small Holdings is head of the Land Division and the other Commissioner is head of the Agriculture Division. The other principal officers are: - Secretary; Accountant; Superintendent of Statistics and Intelligence; in the Land Division four Sub-Commissioners for Small Holdings, Chief Surveyor and Staff of Assistant Sub-Commissioners and Surveyors; in the Agriculture Division, Chief Inspector, Superintendent of Live Stock, Superintendent of Seed-testing Station, and staff of Inspectors. The duties of the Board in



relation to Forestry are immediately committed to the Commissioner for Small Holdings. An Advisory Committee has been appointed by the Secretary for Scotland to advise the Board in this matter, and an Advisory Officer has also been appointed.

The sum available for the Board's work, known as the Agriculture (Scotland) Fund, is £200,000 per annum, of which £35,000 represents the sum previously paid to the Congested Districts Board, and £165,000 is a new Parliamentary grant. The Fund is to be expended on the constitution and equipment of new holdings, loans to existing landholders for buildings, and in connection with the other duties of the Board, including those transferred from the Congested Districts Board. The administrative expenses of the Board are met, not out of the Fund, but out of a separate Parliamentary Vote. In addition to the Fund, certain sums are made available by the Development Commissioners for the schemes of the Board in connection with agricultural education and research, the improvement of live-stock, etc.

#### § 14. WORK OF THE BOARD OF AGRICULTURE.

*Small Holdings.*—When the Board began their work on 1st. April, 1912, about 1,700 applications for new holdings and for the enlargement of existing holdings awaited them. By the end of the year 1912 the total number was 5,353, of which 3,370 were for new holdings and 1,982 for enlargements. Of the applications for new holdings fully five-sixths came from the crofting counties, the rest of Scotland contributing only 550 (1). The reason for this preponderance is, as already stated in connection with the work of the Land Court, that the full privileges of fixity of tenure and of judicial rent have been familiar in the crofting counties since 1886. There is reason to believe that when the benefits conferred by the Act are fully understood in the southern counties, there will be an increasing and steady demand for them.

About 50 per cent. of the applicants desired holdings of over 25 acres; over 500 asked for holdings between 10 and 25 acres, and about the same number for holdings under 10 acres, while many stated no definite area. The larger holdings are such as will occupy the whole time of the holder and his family. In the northern districts the smaller holdings are of the crofting type, where the holder either practises some other industry, such as fishing, or desires to have along with his small arable holding a share in common grazings. In the lowland districts the smaller holdings are applied for by men who either have some other regular employment or intend to use the land for market gardening or the like.

(1) In the case of applications for enlargements the proportion from the crofting counties was even greater. This is explained by the fact that such applications can be made only by landholders.

As the Board are unable to give assistance towards the stocking of holdings, the possession of a certain amount of capital either in money or in stock is one of the necessary qualifications for suitable applicants. Of the whole number of 3,370 applicants, more than 400 stated their capital as over £200, more than 500 as between £100 and £200, and about 750 as between £50 and £100.

As soon as the preliminary examination of the applications was completed, the Sub-Commissioners for Small Holdings began to make local inquiries, and by the end of the year they had interviewed over 2,500 applicants. Their investigations showed that a large proportion of these were men of good character and adequate experience in the working of land and the management of stock. At the same time inquiries were carried out with a view to discovering land available for new holdings. The Board are directed preferably to select land falling out of lease, where the present tenant does not wish to renew his occupancy, and this course would naturally be followed in any case, in order to avoid disturbance of present tenants, and to relieve the Board of the necessity of paying compensation on this ground. The Board will also, so far as practicable, preferably arrange for the formation of small holdings from the large area of land in Scotland which was formerly cultivated, but which for various reasons has been allowed during the past century to fall back into the condition of permanent pasture. Apart from the limitations set by the Act to the choice of land, there was at first a certain unwillingness on the part of landowners to respond to the Board's overtures regarding land on their estates which might be available for holdings. This has now in large measure disappeared as the result of growing familiarity with the procedure provided by the Act. Most of the schemes initiated by the Board will, it is anticipated, go before the Land Court for the issue of a Compulsory Order. This procedure will, however, be adopted in many cases not because the landowner is hostile to the whole proposal, but because agreement has not been reached in details or because it is desired that the sanction of the Court should be given to the scheme as arranged.

By 31st. December, 1912, the Commissioner for Small Holdings had opened negotiations with landowners in regard to schemes of land settlement affecting the applications of about 1,000 persons. Some of these schemes were abandoned as impracticable for one reason or another; in other cases the scheme was carried through by voluntary agreement; in others again it was arranged with the landowners that the scheme should be submitted to the Land Court, and in a considerable number of cases the Board decided on the same course because of the opposition of the landowner to the scheme as a whole. Altogether at the end of the year the Board had decided to make application to the Court for Compulsory Orders for the constitution of new holdings for 208 persons and for the enlargement of the holdings of 170 persons, chiefly in the crofting counties. There were also a large number of schemes spread all over Scotland in regard to which negotiations were in progress. The number of practicable proposals before

the Board has shown that the limit to the number of small holdings which can be created will be determined by their financial resources.

Under the provisions for the preservation of existing small holdings the Board have dealt with a considerable number of cases of holdings falling vacant. Generally speaking, the landlords of the holdings have shown a readiness to co-operate with the Board with regard to the disposal of them, and in some instances have asked the Board to endeavour to find new tenants for them.

Many inquiries have been made by existing tenants as to their status under the Act, which the Board have thought it incumbent on them as far as possible to deal with. Large numbers of explanatory leaflets have been distributed, and in particular copies of leaflets describing the effect of the Act on present occupiers have been sent, along with schedules for the Register of Small Holdings, to all existing small holders. Another matter falling under this division of the Board's work is the management of the estates purchased by the Congested Districts Board; the circumstances connected with them have already been described.

*Agriculture.* — Much of the administrative work of the Board under this head, as well as their statistical work, touches the interests of agriculture in general. This applies to the powers exercised by them under the various Acts affecting agriculture, the administration of which was transferred to them on their establishment; to the duty laid upon them of aiding research; and to the supervision now exercised by them over the work of the Agricultural Colleges.

Many of their activities are, however, specially directed to the assistance of small holders, in pursuance of the general policy embodied in the Act of 1911; and in accordance with the plan of this paper a more detailed account of these will now be given.

During the first nine months of the Board's existence little could be done for the promotion of agriculture beyond carrying on and extending the work of the Congested Districts Board, and laying the foundations of larger and more comprehensive schemes. Most of the schemes for the improvement of live stock have been extended to the whole of Scotland.

These embrace:

(1) *Cattle breeding.* The Board have carried on in the congested districts the plan of lending bulls, which remain the property of the Board, to properly organized local committees. Both in these districts and in the rest of Scotland they are also prepared to make grants to recognized societies for the purpose of enabling them either to purchase or to hire approved bulls. An essential part of this scheme is that the bulls must be available for the service of cows belonging to small holders, cottars, shepherds and farm servants at reduced rates; and the full grant will be payable only if a certain number of such cows have been served by the bull in respect of which the grant is made.

(2) *Horse breeding.* Besides carrying on the schemes of the Congested Districts Board for the improvement of the breed of Highland ponies in the congested districts and that of Clydesdale horses in certain of these districts,

the Board have made arrangements for enabling small holders in other parts of Scotland to obtain the service of stallions hired by horse-breeding societies. The subscriptions of small holders to such societies are paid by the Board, who also pay half the fees for the service of their mares, up to a certain maximum, and make a grant to the society in respect of the work involved in carrying out the scheme. The grants can be obtained only by approved societies which hire approved and registered stallions. While designed to assist small holders in particular, this scheme will benefit all classes of draught horse breeders.

The Board have further taken over the schemes of the Board of Agriculture and Fisheries for the encouragement of light horse breeding, so far as these apply to Scotland; and a Register of stallions of all breeds, under the same regulations as are imposed by that Board in England and Wales is kept by them.

(3) *The Poultry Improvement Scheme* has been extended to the whole of Scotland, for the benefit of small holders.

(4) *Sheep-breeding*.—In this case the Board have continued the work done by the Congested Districts Board on the same plan.

(5) *Pig-breeding*.—This branch of agriculture has been much neglected in Scotland. The Board have, therefore, prepared a new scheme for the payment of grants to recognized societies on similar conditions to those made to cattle-breeding societies.

The Board have carried on the other schemes of the Congested Districts Board for the development of agriculture in these districts, including the assistance given to agricultural shows. A scheme of prizes for the best managed small holdings, originally connected with the last-named scheme, has now been extended to the whole country.

The schemes of the Board for the improvement of agriculture are carried out in close co-operation with the Agricultural Colleges at Aberdeen, Edinburgh and Glasgow. Each of these colleges has allotted to it a large area in which extra-mural teaching is provided by instructors stationed in each county or group of counties, who conduct systematic classes in agriculture, horticulture, poultry-keeping, dairying and bee-keeping, give lectures on these and other subjects, conduct field experiments and demonstrations, and give general advice to those who may consult them. They are thus brought closely into touch with those whom the schemes of the Board are intended to benefit. The management of the schemes is in certain cases committed to them, and in general their co-operation is of great value.

The Board recognize, however, the necessity for a system of education intermediate between that given in the Colleges themselves and that given by the county instructors, and they hope that it will be possible for them to establish institutions where short practical courses of instruction will be provided for those who find it impossible to take the full courses at the Colleges. It is clear that the ultimate success of the system of landholding established under the Act will depend upon the capacity of the small holder to produce from his holding the utmost that the land is capable of yielding, and this can best be secured by the efficient training of the individual

occupier and by the development of co-operation to a fuller extent than it has at present reached in Scotland.

#### CONCLUSION.

The form of tenure thus established for small holdings in Scotland differs fundamentally from the small ownership set up in Ireland by the Land Purchase Acts, and from the tenure of those small holders in England who under recent legislation are the tenants of County or Parish Councils. The landholder or statutory small tenant remains the tenant of the owner of the land which he occupies, and the rights of the landlord as owner of the soil are reserved by the Act. The relations between landlord and tenant are, however, on the application of either party, removed from the sphere of private contract and made subject to statutory provisions. The tenant and his statutory successors have a right to the continued occupation of the holding, but this right cannot be assigned to any person who is not a member of the family. The landholder who has received a loan from the Board of Agriculture for the purpose of erecting buildings is, in respect of them, a purchasing proprietor, but for the land he pays only a fair land rent, and he is rated for local purposes on this land rent alone, as occupier, and not on the buildings and other improvements.

Small ownership is comparatively rare in Scotland, and the system is unfamiliar. The experiment of the Congested Districts Board, already mentioned, illustrates the difficulties connected with the establishment of small proprietors. On the other hand, the system embodied in the Landholders Acts prevents a small holding from being sold, mortgaged or divided, and leaves the occupier free from the burdens attached to the ownership of land, while it ensures to him and his heirs the chief advantage of ownership by giving him security of tenure, which, together with the fixing of a judicial rent, will justify him in improving his holding to the utmost extent of which he is capable.

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# JAPAN.

## FLUCTUATIONS IN PRICES AND WAGES

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### INTRODUCTION.

The general fact of the rise in price of provisions and in house rent, which is becoming daily more observable in every country and is giving rise to discontent among the poorer classes and causing men of science and those in authority to seek means for its arrest, has also affected Japan. The rapid political and economic transformation of the country has made it more sensible to the effects of this prodigious progress than another country would be.

It must not, however, be imagined that before the Restoration Japan had not sometimes suffered from severe economic crises, both local and general, but the causes were of a far more simple order than those at work to-day. Consequently, it was easier to devise remedies and the crises

lasted less time. Bad harvests, civil or foreign wars, disasters and floods were the chief causes of want or poverty, and when the transitory conditions causing the natural variations in prices had ceased to exist, all was again as before and the balance was re-established of itself.

The conditions to day are very different. The Japanese Empire has now worthily to fill the place that it has made for itself among the great powers, and all are aware that so serious a task must cost a nation many sacrifices. And this is truer in the case of Japan than in any other, above all in view of the enormous rapidity with which it has progressed, so that there has been no intermediate period in which the country might adapt itself to its new conditions.

It is enough to cast a glance at a few figures relating to the fluctuations in the financial situation of Japan, to see how enormous they are. In 1899, the public debt, still entirely to creditors within the country, was not 390,000,000 yen, or on an average 8 yen 8 or 22 fr. 70 per inhabitant. In 1913 the public debt amounted to 2,500,000,000, more than 1,400,000,000 being due on foreign loans. The average per inhabitant was thus 47 yen 2 or 121 frs. 77. The necessary consequence of this increase was a corresponding increase of fiscal charges. Confining ourselves to a consideration of the total increase of these charges, we obtain the following data, too significant for a comment.

Years —	Taxes	State Services and Monopolies	Stamp and other Duties	Average per Inhabitant
	Millions of Yen			—
1899 . . . . .	129	36	16	2.5
1901 . . . . .	139	46	18	3.2
1903 . . . . .	146	57	23	3.4
1905 . . . . .	252	98	48	5.4
1907 . . . . .	316	140.5	34	6.6
1909 . . . . .	321	114	45	6.8
1911 . . . . .	328	132	48	6.6
1913 . . . . .	336	141	53	6.9

Taxes cannot be considered as a sufficient indication of the greater or less wealth of a population of so varied a character as that of Japan. We have not here to study the Japanese fiscal system which, by the way, is one of the wisest that has been adopted up to the present, both in respect of the progressive system of taxation and of the prudent and enlightened choice of the articles to be taxed. But we would further desire, before speaking of the fluctuations in prices and wages, to give a few figures in relation to the other general causes that have had a considerable influence on these fluctuations.

Thus, we see the average rate of discount in the principal credit establishments is to-day very high (10 %) and the official rate remains about  $6\frac{3}{4}$  %. With respect to these, Japan is returning to its maximum rates of 1908, after the official and the bank rates had fallen in 1910 to  $4\frac{1}{4}$  % and  $7\frac{3}{4}$  % respectively.

The serious crisis of 1908, the result of the general crisis of the preceding year, had in fact caused really enormous rises; in July the official rate and the bank rate were respectively  $7\frac{1}{4}$  % and 11 %. The general conditions of the Japanese money market improved later on. As we have said, the official rate fell as low as  $4\frac{1}{4}$  % and the bank rate to  $7\frac{3}{4}$  %. But in October, 1911, a new rise began, which as yet shows no sign of an arrest. This is due above all to the constant increase of industry, as a result of which the demand for capital becomes daily more pressing. The loan of £ 9,175,000, raised in London, in February, 1911, certainly improved the position of the money market a little, but its effect was only temporary. Immediately afterwards, the rates again began to rise and, in the course of 1912, the Bank of Japan had, on three several occasions, to raise the official rate.

Among the many causes of the high prices of articles of first necessity, we must certainly not forget to consider the excess of the imports over the exports, amounting to 237,000,000 frs. in 1912. Above all when we remember that about 78,000,000 frs. worth of rice was imported and that, in spite of a considerable reduction, the import duty on this article is still, 1 yen per 100 kin, or 4.28 fr. per quintal. We shall return to this subject hereafter.

To the causes of a purely financial character of which we have just spoken we must also add others which are rather of an economic and social nature. The mode of living is no longer and can no longer be that of thirty years ago, and this is the common experience of all progressive nations. There is no corresponding increase in production to compensate for the increased consumption due to the altered mode of life and the increased population. Hence a rise in prices. To these causes which may be called local, we must also add those of a more general character, affecting at once all the markets of the world; the increase of the population throughout the world, and that of the consumption per head of agricultural produce, compensated to a very slight degree, by increased production. We must add that the output of gold is more abundant, while the cost of extracting it from the ore has decreased; then, also, the rural exodus has increased among the civilised nations; the number of intermediaries is now excessive, as is also that of the *trusts*. And there are as many other causes which, acting on the international market, have also strongly influenced the conditions, certainly somewhat disturbed, of the Japanese market.

These summary remarks on the general economic situation of Japan, or rather on the causes that have the most influence on that situation, permit of our now studying the fluctuations in prices, wages, etc., during recent years, with a better knowledge of their causes. They will serve above all to enable us justly to appreciate the effects.



## § I. THE RICE MARKET.

In Japan, the price of rice may be considered as the real indication of the cost of living, not only because almost 80 % of the work of the whole Japanese agricultural market is in connection with this grain, but also because the ordinary mode of life of the Japanese tends to make rice the article of greatest consumption in the country. With the exception, perhaps, of the lowest classes of society, who eat grains of inferior kind, we may say that the Japanese live almost exclusively on rice, or, at any rate, it may be said that rice forms the most substantial part of their diet. Thus, rice being of enormous importance both for the national and domestic economy, we think it well to devote a special section to the study of the market and of the prices of what is quite the most important agricultural product of Japan. We shall consider separately the most important problems directly relative to the market for this product.

(a) *Production.* — We have already had occasion in other articles, to speak at large of the money the Government and private individuals have spent in the attempt to increase as far as possible the production of rice in the country. We beg to refer the reader to those articles (1). What is most to our purpose now is to consider what results have been thus attained. We therefore give the following table showing the total production of rice, the area of rice fields and the average yield per hectare in hectolitres, for the years 1878 to 1912:

Years	Area Cultivated (2) Cho	Total Production Koku	Average Yield per hec- tare in hectolitres
1878 . . . . .	2,489,765	25,282,540	18.36
1883 . . . . .	2,579,543	30,671,492	21.42
1888 . . . . .	2,684,986	38,645,583	25.92
1893 . . . . .	2,775,233	37,267,418	24.12
1898 . . . . .	2,817,624	47,387,666	30.24
1903 . . . . .	2,864,139	46,473,298	29.16
1905 . . . . .	2,881,549	38,172,560	23.76
1907 . . . . .	2,906,092	49,052,065	30.42
1908 . . . . .	2,922,388	51,933,893	32.04
1909 . . . . .	2,938,074	52,437,662	32.22
1910 . . . . .	2,949,440	46,633,376	28.44
1911 . . . . .	2,973,009	51,712,433	31.22
1912 . . . . .	3,003,082	20,227,132	30.06

(1) Cfr. *Bulletin of Economic and Social Intelligence*, February, 1913. p. 128 and June, 1913, pp. 147 et seqq.

(2) 1 cho = 0 ha. 99.

As we see from these figures, the increase in production was considerable, especially in the period between 1893 and 1898. It was more than 10,000,000 koku, or more than 18,000,000 hectolitres, giving an annual average of 2,000,000 koku or 3,600,000 hl. This increase is only partly due to the increase in the area of the rice fields, which was 42,391 cho in those five years. But it is due largely to the improved methods of cultivation, which have allowed of the average production per hectare being raised from 24 hl. 12 to 30 hl. 24. Yet as we are considering the progress of agricultural production, that is to say of a production subject to many influences, independent of the area cultivated and the systems of cultivation, it will be well to give here the averages for the five years' periods, in which accidental differences in the harvests will at least partly be made up.

Five Years Periods	Area Cultivated Cho	Average Production Koku	Average Annual Production in hectolitres per ha.
1882-1886 . . . . .	2,599,104	31,812,659	27.96
1889-1891 . . . . .	2,712,118	38,574,312	25.56
1892-1896 . . . . .	2,769,914	39,351,458	25.56
1897-1901 . . . . .	2,824,038	41,701,215	26.64
1902-1906 . . . . .	2,874,477	43,862,175	27.54
1907-1911 . . . . .	2,937,821	50,353,886	30.85
1912 . . . . .	3,003,082	50,227,132	30.11

These averages clearly show an appreciable and constant increase of production, due largely to the united efforts of the Government and the producers. We shall now examine the point of second importance in relation to the rice market:

(b) *Consumption.* — It is natural that the consumption of rice should have increased and should tend continually to increase, as a consequence of the rapid growth of the population. This is partly also a consequence of the improved manner of living of the population generally and in particular of that of the large inhabited centres. The figures we reproduce below for the years 1887-1906, are the averages per year for each period of five years. For the later years the figures represent the actual amounts.

Years or five years' periods	Population of the Empire	Consumption Koku	Average Consumption per Inhabitant Koku
1887-1891 . . . . .	39,984,217	38,085,706	0.953
1892-1896 . . . . .	41,811,306	39,825,270	0.952
1897-1901 . . . . .	44,207,720	41,164,480	0.931
1902-1906 . . . . .	47,162,964	48,232,075	1.023
1907 . . . . .	48,819,630	49,462,839	1.008
1908 . . . . .	49,588,804	51,899,888	1.045
1909 . . . . .	50,254,471	53,131,321	1.057
1910 . . . . .	50,984,844	53,697,364	1.053

As we see, it is especially the total consumption of rice that has rapidly increased, whilst, the average consumption per inhabitant has indeed increased, but in less degree, without any really considerable fluctuations. It may therefore be deduced that of the two causes indicated above as having had the greatest influence in increasing consumption, the increase of the population is the most important.

If we compare the statistics of consumption with those of native production, we shall see how little proportion they bear to one another. Let us consider, for example, the years, 1908, 1909 and 1910, in which the price of rice was highest. In those three years the difference between the amount produced in the previous year and that consumed in the year in course, was, respectively, 2,850,000 koku, 1,200,000 koku and 1,600,000 koku. Importation from Formosa partly made up for the difference in the years 1908 and 1909, as in those years it amounted to 1,100,000 and 1,050,000 koku, respectively. But in 1910, Formosa could only supply 722,000 koku to meet the deficiency of 1,160,000 koku. Hence the necessity of facilitating the import from abroad, and the Government has given careful consideration to this. It is understood that an abundant importation alone could reduce to their normal rate the prices tending to rise vertiginously. But the importation from abroad could not always be sufficient to exert a favourable influence on prices. Many causes, which it is not here the place to deal with, necessarily conspired to limit such importation. On the other hand, the Japanese Government could not but be alarmed at the injurious effects this economic policy might have upon the national economy, above all as large payments had to be made abroad, which is not to be considered one of the least reasons for the increased rate of exchange and the succession of serious economic consequences due to it. In any case, in recent years, Japan has become a large importer of rice. It must be considered as one of the principal customers of British India, as far as this commodity is concerned. Before proceeding with the study of the prices of rice, we think it well to give here a few figures showing the amount imported into Japan from different countries in the period 1906-12.

Country	1906 — yen	1907 — yen	1908 — yen	1909 — yen	1910 — yen	1911 — yen	1912 — yen
India . . . . .	15,131,388	13,204,284	7,341,191	1,790,982	1,707,998	6,765,456	18,486,930
China . . . . .	270,749	421,278	291,496	86,866	55,768	178,066	433,526
Corea . . . . .	1,579,001	7,994,784	6,035,869	4,441,715	1,385,858	—	—
Indo-China . . . . .	9,482,297	7,493,478	6,885,281	5,245,379	3,532,634	8,812,477	8,345,791
Siam . . . . .	2,708,544	1,816,031	2,134,664	2,018,892	1,950,653	1,950,749	2,874,083
Other Countries . . . . .	100	1,203	238	1,083	11,528	14,301	53,151
Total . . . . .	26,172,079	30,931,058	22,688,539	13,585,817	8,644,439	17,721,085	30,193,481

(c) *Price.* — In the preceding pages we have indicated a few of the many causes of the rapid rise in price of this article of which the consumption is so great. But it would be too much to attribute the regrettable result exclusively to the above causes, for there are others not apparent on a superficial examination and that no purely scientific investigation reveals. Japanese economists have been and are still searching for the causes and the best remedies to be applied. Among the many writers on the subject, we shall mention Dr. Honda, one of the most prominent economists of Japan, who, in an interesting article in the number of the review, *Taiyo*, for August, 1912, wrote as follows :

“ There is generally a constant tendency for the prices of all commodities to rise, and the prices of cereals, which have also to follow the vicissitudes of the market, cannot form an exception to the general rule. Consequently, the question of the price of rice is an extremely large one. Its limits, though originally determined by the conditions of supply and demand, are also affected by many other circumstances.

Naturally, the increase in price is largely due to the import duties and corresponds with their increase. But it depends also on the conditions under which purchase and sale are now conducted on the rice exchanges. Account must, therefore, be taken of these various circumstances.

With regard to the customs tariffs, public opinion has already declared unambiguously in favour of their complete abolition. But the fluctuation of supply and demand is not in itself sufficient to explain completely the vertiginous rise in price of this grain. In judging of this constant tendency to rise, we must remember that not only are there the producer but also the middlemen to be considered, and also that the large agricultural producers are at the same time speculators. We must also remember that, above all, in recent years, the insufficiency of the means of transport has become more and more evident and that little progress has been made in the matter of the circulation of capital for purposes of agricultural production. In the past, the farmer was content to produce and his crops were offered on the market and sold at the prices of the day. Now the situation is very different. The farmer no longer limits himself to producing, but, out of a desire of greater gain, he himself speculates in the price of his produce.

It is not to be denied that, recently, the spirit of speculation has made rapid progress among our farmers. It is scarcely to be regarded as astonishing, since it is only a natural consequence of the present amount of speculation on the stock exchange.

The middlemen who trade in securities and grain are constantly sending a large number of agents into all the provinces inviting and inciting the farmers to speculation. The farmers easily allow themselves to be persuaded by the often deceitful prospect of large gains to be made in the future. And the same results would be produced even without this action of the middlemen. The daily notices of sales at fixed terms of themselves excite the spirit of speculation and among the centralisers of produce, the hope of selling at higher prices. The latter then limit the supply of rice on the market and this limitation suffices in itself to awake

the spirit of speculation among the producers. The action of the speculators urging purchasers to buy of course makes the price rise.

The two facts we have just mentioned, on the one hand, the instigation to purchase and the limitation of the supply of rice, and, on the other, the increased price, are logically connected as cause and effect. When they have, in fact, kindled the farmers' desire of gain and awakened the spirit of speculation by unprotected purchase, the large dealers need only limit the supply on the market. The incitement to purchase will be greater and greater and the price will naturally rise at a vertiginous rate."

These few words of the eminent economist are worthy of consideration, for they suffice to show the fundamental cause of the rise in price of rice in Japan. Let us add to these causes those already indicated, generally purely economic or purely social, and we shall have at least an approximate, if not a complete explanation, of this disquieting phenomenon.

Let us now see what fluctuations there have been in the price of rice.

*Fluctuations in the Price of Rice between 1883 and 1912.*

(Average Annual Price on the Exchanges of Tokio and Osaka.  
(in yen per koku).

Year	Maximum	Minimum	Average	Year	Maximum	Minimum	Average
1888 . . . . .	5.32	4.56	4.93	1901 . . . . .	13.85	11.20	12.30
1889 . . . . .	8.07	4.73	6.00	1902 . . . . .	14.32	10.62	12.70
1890 . . . . .	10.85	7.47	8.94	1903 . . . . .	15.52	12.57	14.42
1891 . . . . .	7.44	6.68	7.04	1904 . . . . .	14.00	12.57	13.20
1892 . . . . .	7.57	7.03	7.24	1905 . . . . .	14.14	11.94	12.82
1893 . . . . .	8.14	6.81	7.38	1906 . . . . .	15.58	14.02	14.68
1894 . . . . .	10.12	7.56	8.83	1907 . . . . .	17.72	15.45	16.42
1895 . . . . .	9.34	8.30	8.88	1908 . . . . .	16.61	13.99	15.74
1896 . . . . .	10.60	9.03	9.65	1909 . . . . .	15.65	11.70	13.67
1897 . . . . .	13.91	10.17	11.98	1910 . . . . .	15.05	11.50	13.25
1898 . . . . .	16.87	9.81	14.79	1911 . . . . .	18.60	15.70	17.15
1899 . . . . .	12.06	9.10	10.03	1912 . . . . .	22.10	17.30	19.70
1900 . . . . .	12.80	11.20	11.96				

Taking 100 as the average price, we get the following corresponding index numbers for the years

1902 . . . . .	107	1908 . . . . .	135
1903 . . . . .	121	1909 . . . . .	111
1904 . . . . .	114	1910 . . . . .	115
1905 . . . . .	112	1911 . . . . .	149
1906 . . . . .	128	1912 . . . . .	176
1907 . . . . .	142		

We shall also give the following figures showing the fluctuations in prices in the months of June, July, August, and September, 1913, on the Yokohama Exchange (in yen per koku).

Month	Maximum	Minimum	Average	Average for the Corresponding Month in 1912
June . . . . .	23.33	22.62	22.97	24.05
July . . . . .	23.66	22.60	23.10	24.01
August . . . . .	22.85	21.94	22.39	23.37
September . . . . .	23.43	22.07	22.75	22.36

These figures show an evident tendency to decrease when compared with those for the second half year of 1912, for those were the highest prices ever reached in Japan. In any case, in spite of this slight decrease, the average price of rice in 1913 was about 22 yen 80 per koku, which gives, in respect to the average for 1900, an index number of 191. We may, therefore, say that, in only thirteen years, the price of the most important commodity on the Japanese market, of the first necessity for the population, has increased by more than 90 % or on an average by 7 % a year.

## § 2. FLUCTUATIONS IN PRICE OF OTHER COMMODITIES.

We desired to make a specially detailed study of the fluctuations in price of rice, because it is a commodity far exceeding in importance all others both for the Japanese market and Japanese consumption. To complete our study it is, however, necessary also to consider the fluctuations in price of the other principal commodities. Generally, also, they correspond with those observed in the case of rice. Indicating by 100 the average prices for 1900, as we have already done in the case of rice, we obtain for the following years and the various commodities considered, the following index numbers:

Produce	1902	1903	1904	1905	1906	1907	1908	1909	1910	1911
Barley . . . . .	94	130	151	139	97	115	130	119	111	130
Rye . . . . .	107	148	148	141	123	133	138	130	126	156
Wheat . . . . .	91	120	121	130	112	127	124	131	136	130
Daizu (Beans) . . . . .	87	99	124	121	118	126	114	98	119	121
Adzuki (Lentils) . . . . .	113	134	132	127	127	122	101	122	128	124
Salt . . . . .	90	96	88	184	215	217	217	216	218	216
Sugar . . . . .	97	100	125	141	135	128	138	135	136	137
} White . . . . .										
} Brown . . . . .	102	98	130	149	129	129	143	135	134	134
Saké . . . . .	106	113	115	123	126	134	141	142	129	145
Tea . . . . .	118	123	126	133	130	122	131	130	131	136
Beef . . . . .	106	115	120	154	156	161	168	147	135	132
Petroleum . . . . .	83	93	106	105	109	118	125	123	123	106
Coal . . . . .	100	91	95	126	133	121	125	124	112	119
Charcoal . . . . .	93	88	93	89	91	108	124	113	116	118

If we add to this list other goods, not dealt with here for want of space, such as calico, cotton goods etc., also of the highest importance for consumption and take the average for them also for the years after 1900, we get the following index numbers:

1902 . . . . .	99	1907 . . . . .	133
1903 . . . . .	109	1908 . . . . .	136
1904 . . . . .	119	1909 . . . . .	131
1905 . . . . .	131	1910 . . . . .	131
1906 . . . . .	129	1911 . . . . .	137

From which we may conclude that the cost of living in Japan is now very appreciably increasing, and that it has increased by 38 % in only ten years. It must of course be understood that our calculations can only be approximate, above all because we should at least have taken account, in the case of each article considered, of its relative importance and assigned to it a corresponding co-efficient, which would affect the general average according to the importance of the commodity for Japanese consumption. But the calculation of a coefficient of this nature is too complicated and would require a number of data, some of which are altogether wanting, while others we possess in too incomplete a form. We may, however, consider that the above index numbers give a sufficiently approximate idea of the fluctuations in the cost of living in Japan.

## § 3. FLUCTUATIONS IN WAGES.

This is not the place to examine whether the fluctuations in wages were a consequence or a cause of the rise in prices or whether they have been partly cause and partly effect. We shall confine ourselves to an examination of these fluctuations and to considering the relation they bear to the fluctuations in price. In the following paragraphs we shall study a little more in detail the distribution of the wages of workmen's families, especially of agricultural labourers' families, and derive from them conclusions somewhat different from those that have hitherto been drawn from them as a rule.

Continuing the application of the method we have before made use of, we shall again take 100 as the index number for the average wages in 1900.

The total amount of these wages for the principal classes of labourers in 1900 was as follows:

(a) *Agricultural Labourers:*

Domestic Servants...	Men	yen	32,120	(yearly wages)
	Women	"	17,060	" "
Day Labourers.....	Men	"	0,295	(daily wages)
	Women	"	0,190	" "
Silkworm breeders....	Men	"	0,308	" "
	Women	"	0,193	" "
Silk Spinners. . . . .	"	"	0,200	" "
Gardeners . . . . .	"	"	0,513	" "
Fishermen . . . . .	"	"	0,389	" "

(b) *Various Factory Hands:*

Weavers.....	Men	yen	0,325	" "
	Women	"	1,195	" "
Joiners. . . . .	"	"	0,500	" "
Thatchers . . . . .	"	"	0,585	" "
Manufacturers of Articles of				
Esparto . . . . .	"	"	0,465	" "
Carpet Makers . . . . .	"	"	0,495	" "
Locksmiths. . . . .	"	"	0,475	" "
Pottery Makers. . . . .	"	"	0,383	" "
Paper Makers. . . . .	"	"	0,318	" "
Printers . . . . .	"	"	0,340	" "
Compositors . . . . .	"	"	0,353	" "

Let us now see what increase there was in these wages for the period 1902-11. We shall use the index numbers for the purpose.



Occupations	1902	1903	1904	1905	1906	1907	1908	1909	1910	1911
<b>(a) Agricultural Labourers:</b>										
Domestic Servants:										
Men (Yearly Wages)	98.0	118.0	117.2	116.9	116.2	122.4	143.9	134.8	139.8	155.1
Women ( " )	93.7	118.0	120.2	118.0	109.4	121.4	150.9	128.5	152.2	175.5
Day Labourers:										
Men	106.7	103.3	110.0	106.7	113.3	120.0	130.0	126.7	130.0	140.0
Women	100.0	100.0	105.3	105.3	110.5	115.8	121.1	121.1	126.3	131.6
Silkworm Breeders:										
Men	103.2	103.2	96.8	93.5	109.6	135.5	135.5	138.7	138.7	145.2
Women	105.3	100.0	94.7	121.1	115.7	142.1	142.1	142.1	142.1	147.4
Silk Spinners	100.0	100.0	105.0	115.0	135.0	125.0	135.0	135.0	155.0	150.0
Gardeners	111.8	107.8	103.9	107.8	115.6	121.6	135.5	143.1	151.0	162.7
Fishermen	87.2	94.9	84.6	107.7	102.5	120.5	130.8	123.1	138.5	151.3
<b>(b) Various Factory Hands:</b>										
Weavers:										
Men	100.0	103.0	106.1	103.0	127.2	127.3	133.3	133.3	148.5	130.3
Women	100.0	95.0	85.0	90.0	105.0	120.0	120.0	130.0	145.0	125.0
Joiners	107.6	107.0	104.0	110.0	118.0	136.0	142.0	150.0	152.0	158.8
Thatchers	108.5	111.1	109.9	111.1	124.7	148.2	165.8	160.8	162.3	170.9
Manufacturers of Articles of Esparto	101.1	102.6	96.9	103.0	113.1	137.3	149.5	149.5	149.5	155.5
Carpentmakers	109.0	113.1	109.0	113.1	117.2	133.3	149.5	149.0	149.9	151.5
Locksmiths	108.4	110.1	115.8	115.8	120.0	136.8	143.1	141.0	145.3	147.4
Pottery Makers	118.3	108.3	117.3	143.0	143.0	145.6	148.2	167.1	161.9	164.5
Paper Makers	101.6	106.9	100.7	100.7	110.0	135.2	138.3	129.0	125.9	138.3
Printers	108.8	106.7	105.8	105.8	147.7	129.4	138.2	144.1	147.0	147.0
Compositors	118.4	114.7	116.1	116.1	124.6	138.8	144.4	144.4	141.4	152.2

An examination of this table clearly shows a considerable increase in wages since 1906, that is to say since the great economic crisis through which Japan passed and which was marked by labour agitations. Taking, as we did in the case of the prices, the average of the index numbers for each year, we obtain the following results :

	1902	1903	1904	1905	1906	1907	1908	1909	1910	1911
Agricultural Labourers . . .	100.7	105.0	104.2	110.2	113.9	124.9	136.1	132.6	140.4	149.6
Various Factory Hands . . .	107.4	107.1	115.9	110.9	119.8	135.3	142.9	145.3	148.3	149.1
General Average . . . . .	104.0	106.0	110.0	110.5	116.8	130.1	139.5	138.9	144.3	149.3

From these results, two other important facts may be learnt.

1st., that the increase in the case of the agricultural labourers which, up to 1910, was inferior to the increase in that of the factory hands, now not only tends to equal but to exceed it.

2nd., *The fluctuations in wages have been all along considerably greater than those in prices.*

In respect to the above statement, we summarise the figures in the following table:

Years	Fluctuations			
	in Prices	in Wages		
		Agricultural	Manufacturing	Average
1902 . . . . .	99	100.7	107.4	104.0
1903 . . . . .	109	105.0	107.1	106.0
1904 . . . . .	119	104.2	115.9	110.0
1905 . . . . .	131	110.2	110.9	110.5
1906 . . . . .	129	113.9	119.8	116.8
1907 . . . . .	133	124.9	135.3	130.1
1908 . . . . .	136	136.1	142.9	139.5
1909 . . . . .	131	132.6	145.3	138.9
1910 . . . . .	131	140.4	148.3	144.3
1911 . . . . .	137	149.6	149.1	149.3

A careful examination of these figures permits of our drawing some other conclusions. First of all, that the economic crisis of 1907 marked a quite

special point at which the increase in wages began to exceed that of prices. Whether from that date the economic and social situation of Japan has really improved can certainly not be settled in a mere brief article like the present; what may be affirmed with certitude is that this event of such capital importance coincided with the period of greatest agitation and economic crisis in agriculture and manufactures.

#### § 4. IMPORTANCE OF THE FLUCTUATIONS IN PRICES AND WAGES FOR THE DOMESTIC ECONOMY OF WORKING MEN'S FAMILIES.

The study we have here made, based on the economic facts included in the official statistical tables, would be profitless, unless we endeavoured to take account, at least briefly, of the effect of the fluctuation in prices and wages upon the domestic economy of working men's families. If we had to express an *a priori* opinion on the matter, the fact that the wages have increased somewhat faster than the prices would lead us to conclude that the present conditions of the Japanese labourers must be, if not excellent, at any rate very satisfactory. Does the reality correspond with this apparently logical forecast? That is just what we are going to investigate. First of all, we must show the immense difference that there is between the average wages in Europe and America and the average in Japan. According to Statistics published by the Labour Office of the Tokio Society of Political and Social Science (*Shakwai seisakugaku komu kyoku*), the average earnings and expenditure per head for the town workmen of the various countries would be as follows (1)

	Earnings fr.	Expenditure fr.	Excess of Earnings	
			Total fr.	% of Earnings fr.
Great Britain . . . . .	2,804	2,162	642	23
United States . . . . .	3,524	2,675	849	24
Germany . . . . .	1,674	1,491	183	10.8
France . . . . .	2,333	1,715	618	26.5
Japan . . . . .	630	610	20	3.2

We see from these figures, first of all, that the budget of a Japanese artisan's family is not even  $\frac{1}{5}$  of that of an American artisan's, hardly  $\frac{1}{4}$  of a French artisan's,  $\frac{1}{3}$  of that of an artisan in Germany and a little more than  $\frac{1}{5}$  of that of one in Great Britain.

(1) The figures for Great Britain, the United States, Germany and France are taken from the Annual Reports of the British Board of Trade.

But we must remember that the price of commodities in Japan is from two to five times less than their ordinary price on the European and American markets. That would suffice, at least to some degree, to make up for the small earnings of the artisans. There is, however, another point to be considered, that the excess of the earnings over the expenditure, which is highest in France (26.5 %), is only 3.6 % in Japan. And we must give attention to this point, since, if a margin of more than 20 % gives a possibility for saving, a surplus of 3 %, on the contrary, is equivalent to almost certain loss.

In order to establish a scientifically accurate comparison between the situation of the Japanese artisans and that of those of other countries, the only standard we can adopt is that provided by the excess of the receipts over the expenditure, for if we even desire to compare the prices of commodities in Japan and other countries, we must consider not only the absolute prices, but also the proportion of importance the commodities have for domestic economy, which differs substantially in Japan and in the Western countries. A study of such a character would evidently be too complex and exceed the limits of a simple article. In any case, what we can affirm is that the kind of life led by the Japanese artisan is undoubtedly inferior to that of the artisans of other countries.

The Tokio Department of Agriculture and Commerce has recently made a careful enquiry into the existing economic conditions of the Japanese artisans. We shall utilise the results of this enquiry to give our readers some information on the matter.

We summarise here the results of the enquiry in relation to the conditions of 1,627 artisans of the environs of Tokio. (The percentages are for the month of May, 1912).

Amount of Wages Yen	Honse Rent %	Food (Rice) %	General Expenditure %
13.900 . . . . .	15.7	45.6	28.7
20.057 . . . . .	18.1	38.9	43.0
21.591 . . . . .	20.5	37.6	41.9
24.161 . . . . .	18.8	39.5	41.7
24.461 . . . . .	18.6	35.3	46.1
26.730 . . . . .	19.4	33.1	47.5
29.469 . . . . .	19.4	34.1	45.5
34.657 . . . . .	17.1	28.5	54.4
38.771 . . . . .	20.6	28.2	51.2
41.308 . . . . .	18.0	33.1	48.9
46.500 . . . . .	25.2	27.3	47.5
50.000 . . . . .	20.4	20.4	59.2

From this it appears that in proportion as the wages increase the house rent increases slightly and the cost of food considerably diminishes. The general expenditure tends to increase. We may conclude that, within certain limits, the system of alimentation does not vary, but the increase in wages is almost entirely used for general expenditure. We must also observe that the expenditure on food in the above table is only for rice, and is consequently from 25 to 50 % of the total amount spent on food. Yet, independently of this, and taking account of all we have said in this article, we may reach the following important conclusion; although the increase in wages has been greater than the increase in prices, we cannot therefore infer that the mode of life of the Japanese artisan has, consequently, improved in the same degree, for there is still in Japan an economic situation which keeps the artisan in a position of inferiority as compared with that his fellows in other countries have attained to. This is seen above all to be true, when we examine the question from the point of view of improved food and lodging, and the possibility of making reasonable savings out of wages alone.

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# SERVIA.

## SMALL RURAL INDUSTRIES IN SERVIA.

### OFFICIAL SOURCES:

REPORTS presented to the Department of Agriculture on the Work Done to Favour the Progress of Agricultural Economy and the Measures to be Taken for the purpose. Publication of the Agricultural Department, Belgrade, 1911. (In Servian).  
SERVIA AT THE UNIVERSAL EXHIBITION OF 1911 AT TURIN. Published by the Department of Commerce, Belgrade, 1910. State Printing Office.

### OTHER SOURCES:

DOMESTIC INDUSTRIES IN SERVIA. Article in the Review: "Tzarinski Glasnik" (*Customs Messenger*) 1910. (In Servian).  
DOMESTIC MANUFACTURE OF PIROT TAPESTRY. Article in the Monthly Review: "Delos" (*Work*). January, 1911.

### § I. INTRODUCTION.

The industries auxiliary to agriculture are specially important in a country like Servia. It is economically speaking a young country, in which manufactures have only just been started.

There are no large landed estates and direct sale is the general rule. Of 100 landowners,

54.65	%	possess less than	5	hectares.
27.55	%	"	between 5 and 10	hectares
13.87	%	"	" 10 "	20 "
2.60	%	"	" 20 "	30 "
1.33	%	"	more than	30 "

The prevalence of small holdings and rather extensive cultivation and the climatic conditions force the Servian peasants to undertake various industries auxiliary to agriculture. The produce of these industries is very considerable, forming one fourth of the total produce of the country, which shows how important they are for the national economy.

## § 2. GENERAL VIEW OF THE RURAL INDUSTRIES OF SERVIA.

The small rural industries of Servia may be divided into two large classes: those the sole purpose of which is to supply the family engaged in them with the necessities of life, and those carried on for purposes of trade. The first class is disappearing, as improved means of communication are bringing more and more within the reach of the people the manufactured goods and agricultural produce of which they have need, and such industries are now almost confined to mountain districts and some isolated villages. On the contrary, the industries carried on with a view to selling the produce, are making progress every day, on account of the profits they give. Amongst those directly connected with agriculture, let us especially mention, orchard cultivation, sericulture, livestock improvement and tapestry making. We shall give some particulars in regard to each of these.

## § 3. ORCHARD CULTIVATION.

The cultivation of fruit trees generally is a very important source of the national wealth of Servia. According to the estimates of the Department of Agriculture, the revenue derived from the export of the various produce of fruit trees in 1910 was 14,000,000 francs and the value of the total annual yield is about 30,000,000 frs.

The law of 1898, for the improvement of fruit tree cultivation, has largely contributed to the development of this industry. This law orders that each district must have a nursery garden for fruit trees of an area of at least 5 hectares. These nurseries must be organized and managed in accordance with the latest requirements of agricultural technique. Young trees as well as vines, must be sold at very low prices to the inhabitants of the district. Also every year practical courses of instruction must be given in fruit tree cultivation and basket making. Every commune must send at least two pupils to attend these courses, and maintain them at its cost, unless pupils present themselves who are willing to pay their own expenses. In addition, the superintendents of the nurseries must give practical lectures in the various parts of their district, in which they must above all deal with fruit cultivation.

The fruits most cultivated in Servia are plums, apples, pears and walnuts. A larger area is covered by plum trees than by any other fruit tree. According to official statistics, the area planted with plum trees increased between 1900 and 1909 from 100,540 hectares to 141,180 hectares and yielded about 25,000,000 frs. a year.

Of the total crop of plums, a comparatively small amount is exported fresh to foreign markets, especially to Germany. These are the finest fruit, gathered by hand, before they are quite ripe. A second portion, the largest, is made into prunes or a sort of jam called *pekmeš*. Lastly,

a third portion, consisting of the worst kind of plums, is distilled to make brandy.

The industry of plum drying is very thriving, Servian plums having a good name abroad. To encourage it, the State provides improved stoves at half their real value and instructs agricultural engineers to teach the peasants how to work them. It also organizes special courses of instruction in plum drying, to qualify the peasants for making prunes which are sufficiently dry and will keep long.

With a view to preventing the sale of prunes, either damaged, not sufficiently dry or made from plums not sufficiently ripe, and of combating fraud, in the plum season the Government appoints a committee of three judges, who have generally been through the agricultural schools, to examine the prunes offered for sale and give certificates of good quality when deserved. The purchaser may demand the production of this certificate. If the prunes are found to be bad, if they have been made from plums not sufficiently ripe, or mixed with prunes of previous years, they are ordered to be confiscated officially. The prunes are immersed in water for 24 hours and returned to the owner, after payment of the cost of the operations. In case of fraud, the dealer is prosecuted. If the plums are found to be insufficiently dried, the owner must take them back to complete the drying process.

In case good prunes have been mixed with those of inferior quality, the owner has to sort them on the spot. The insufficiently dried plums are sold by auction for the benefit of the town, after their transformation.

Servian prunes are principally exported to Austria, Germany, Belgium, Holland, Denmark, Great Britain, Switzerland and Russia. They are an important article of trade as the following table shows :

Year	Quintals Exported	Value in Francs
1900 . . . . .	271,546	8,001,482
1901 . . . . .	229,526	6,990,844
1902 . . . . .	354,615	8,951,294
1903 . . . . .	156,641	5,013,360
1904 . . . . .	405,023	6,274,544
1905 . . . . .	376,139	8,556,347
1906 . . . . .	482,701	12,067,520
1907 . . . . .	426,480	15,743,616
1908 . . . . .	490,417	10,350,721

Like the prunes, the plum jam is also subjected to the inspection of the committee. It is an important article of commerce, as the following figures show :



Year	Quintals Exported	Value in Francs
1900 . . . . .	86,160	2,716,491
1901 . . . . .	71,993	2,440,912
1902 . . . . .	145,079	3,626,454
1903 . . . . .	69,141	1,980,714
1904 . . . . .	151,802	3,070,078
1905 . . . . .	164,599	2,526,361
1906 . . . . .	124,391	3,175,087
1907 . . . . .	133,059	4,257,932
1908 . . . . .	148,983	3,251,093

The export of plum brandy, although less important, must, however, not be passed over in silence. In 1908 the value of the brandy exported was 95,763 frs.

The apple tree is grown in nearly the same regions as the plum tree. Apples are exported as fruit in large quantities, but the gathering and packing are not done in the best way, so the value of the fruit exported does not correspond with the weight. On the other hand, the industry of drying apples is beginning to make progress and the Government is making great efforts to extend the knowledge required for the drying of fruits, by means of practical lectures, so as to induce the fruit growers rather to dry their fruit than to sell it fresh at low prices or use it to feed their livestock.

#### § 4. SERICICULTURE.

The climate of Servia is very well adapted to sericiculture. In 1845, nursery gardens of mulberry trees were established at the prefects' offices and, two years later, the plants were freely distributed to the peasants. A sericulturists' society obtained a special concession and important privileges from the last Parliament (1909 and 1910). This Society dates from as far back as 1903 and, since its foundation, the number of families engaged in silkworm rearing has more than doubled, as may be seen from the following table.

In 1900 . . . . .	10,102	families
1901 . . . . .	12,650	"
1902 . . . . .	15,426	"
1903 . . . . .	14,482	"
1904 . . . . .	19,453	"
1905 . . . . .	25,720	"
1906 . . . . .	27,022	"
1907 . . . . .	27,711	"
1908 . . . . .	31,953	"
1909 . . . . .	34,150	"

Let us add that the silk is commonly used for household industries and the producers often keep about 20 % of the cocoons to unwind and mix the thread with cotton for articles of wear or ornament. Consequently, hardly any of the families that have mulberry trees neglect anything in order to rear a certain quantity of silkworms.

### § 5. LIVESTOCK IMPROVEMENT.

Servia is a country of livestock improvement and this department of the national economy provides the principal occupation for the Servian peasant. It may therefore surprise our readers that we speak of it in an article exclusively devoted to industries auxiliary to agriculture. But certain forms of livestock improvement have this character of auxiliaries: the improvement namely of sheep and goats, which every Servian peasant keeps on his farm, because their maintenance does not cost much and he makes use of their milk, meat, wool or hair, very necessary in the household manufacture of cloths and clothes etc. We may say as much with regard to poultry improvement; every farmer has space enough for this and a sufficient quantity of grain screenings, and every peasant family has almost every kind of poultry. To encourage poultry improvement, the State has founded model poultry yards, where any one may learn the business and obtain poultry and eggs either for money, or in exchange for agricultural produce. On the other hand, in 1909, a co-operative society limited by shares was founded for the improvement of poultry. This society organizes the collective export of all its members' eggs and sees to it that they are all fresh and of excellent quality.

We give below figures for the exportation of poultry and eggs from 1894 to 1909:

Year	Live Poultry	Slaughtered Poultry	Eggs
	Head	Kg.	F
1894 . . . . .	74,607	160,886	98,985
1895 . . . . .	166,591	367,951	18,596
1896 . . . . .	437,517	776,953	136,453
1897 . . . . .	412,995	388,891	156,897
1898 . . . . .	438,952	484,951	84,388
1899 . . . . .	690,798	658,530	275,883
1900 . . . . .	1,002,190	610,919	645,329
1901 . . . . .	1,423,407	956,013	1,030,040
1902 . . . . .	1,736,925	1,052,016	1,244,467
1903 . . . . .	1,882,438	1,884,885	853,524
1904 . . . . .	2,091,890	621,122	949,405
1905 . . . . .	1,804,800	206,955	437,869
1906 . . . . .	1,622,557	86,283	1,357,463
1907 . . . . .	166,700	79,200	2,274,791
1908 . . . . .	657,222	429,298	1,265,493
1909 . . . . .	436,235	90,700	1,188,368

Let us finally mention, among the industries connected with livestock improvement, the utilisation of milk products. All the peasants use the milk they have over for making soft cheese or cream, but their income from this source is never very high.

### § 6. TAPESTRY MAKING.

Far more important is the manufacture of carpets, tapestry etc. These manufactures, in virtue of their quality and value for decorative purposes, are becoming more and more widely known and sought after for carpets, table covers, coverlets, cushions, hangings, curtains, etc. The Mohammedans use them to decorate their mosques. On national or religious festivals, balconies of houses, triumphal arches and even carriages are hung with them. The principal centre of the manufacture is the very poor and very mountainous district of Pirot, a town in the South East of Servia, near the Bulgarian frontier. Since 1894, a commercial society has been buying the tapestry at the peasants' houses in the most remote villages, and arranging the sale of it. Its business amounts altogether to about 100,000 francs. Eight years later, the *Pirot Tapestry Co-operative Society* was founded with the object of extending and regulating the production and improving the quality. This society is organized on the basis of collective production and profit sharing in proportion to production. Its share capital is 30,000 francs, but the State has granted it a loan of 50,000 frs., not to bear interest for ten years and to be repaid at the convenience of the society. The women who make the carpets become *members* by taking a 50 fr. share, which is liberated by means of instalments of 25 centimes a week. They must be accepted by the managing committee. The amount of work they have to furnish is not limited. The society, which has its own dyeworks, provides the wool and advances the women what they require for the purchase of the material for their work.

The Pirot Society only sells wholesale. On the other hand, the *Tapestry Workshop School*, founded in the same locality by the Belgrade Women's Association, accepts private orders, which it has executed by its pupils, about thirty in number. The two organizations mutually complete each other. Our readers will not fail to observe the profound resemblances with the attempt recently made in France by M. Maurice Fenaille (see *Bulletin of Economic and Social Intelligence*, May, 1912, page 159), in an equally mountainous and poor region. In two countries, of very different social conditions however, the same causes have produced the same effects.



(c) Publications of the Bureau of Agricultural Intelligence and Plant Diseases.

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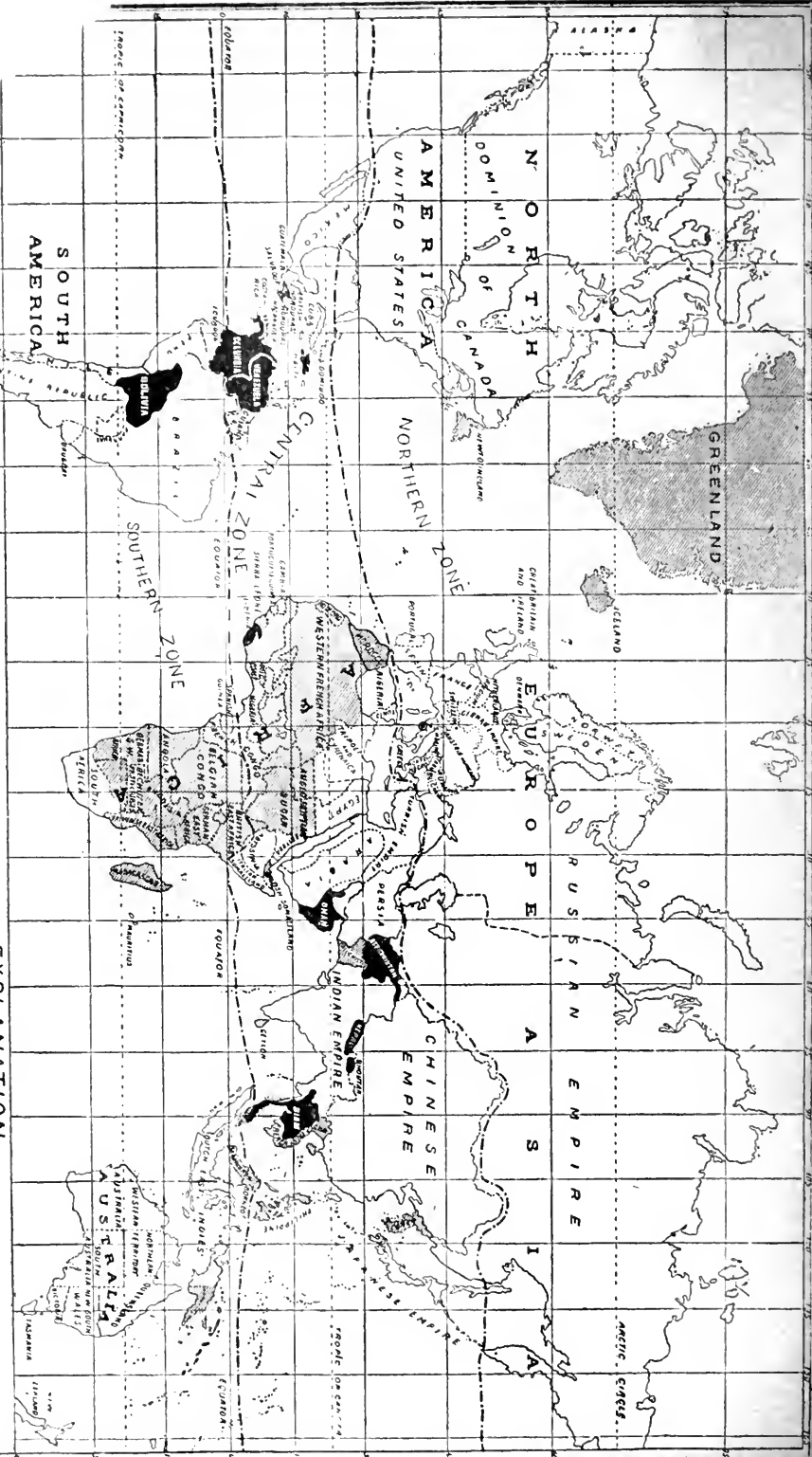
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- Non adhering Countries.
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- Colonies and Protectorates of the adhering Countries.

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NORTH AMERICA  
UNITED STATES  
DOMINION OF CANADA

GREENLAND

SOUTHERN ZONE

CENTRAL ZONE

NORTHERN ZONE

EUROPEAN ZONE

RUSSIAN EMPIRE

INDIAN EMPIRE

CHINESE EMPIRE

U.S. TERRITORIES

ARCTIC CIRCLE

TROPIC OF CAPRICORN

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V<sup>th</sup>. YEAR - NUMBER 3

\* \* \* \* \* MARCH 1914



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V<sup>th</sup>. YEAR - NUMBER 3

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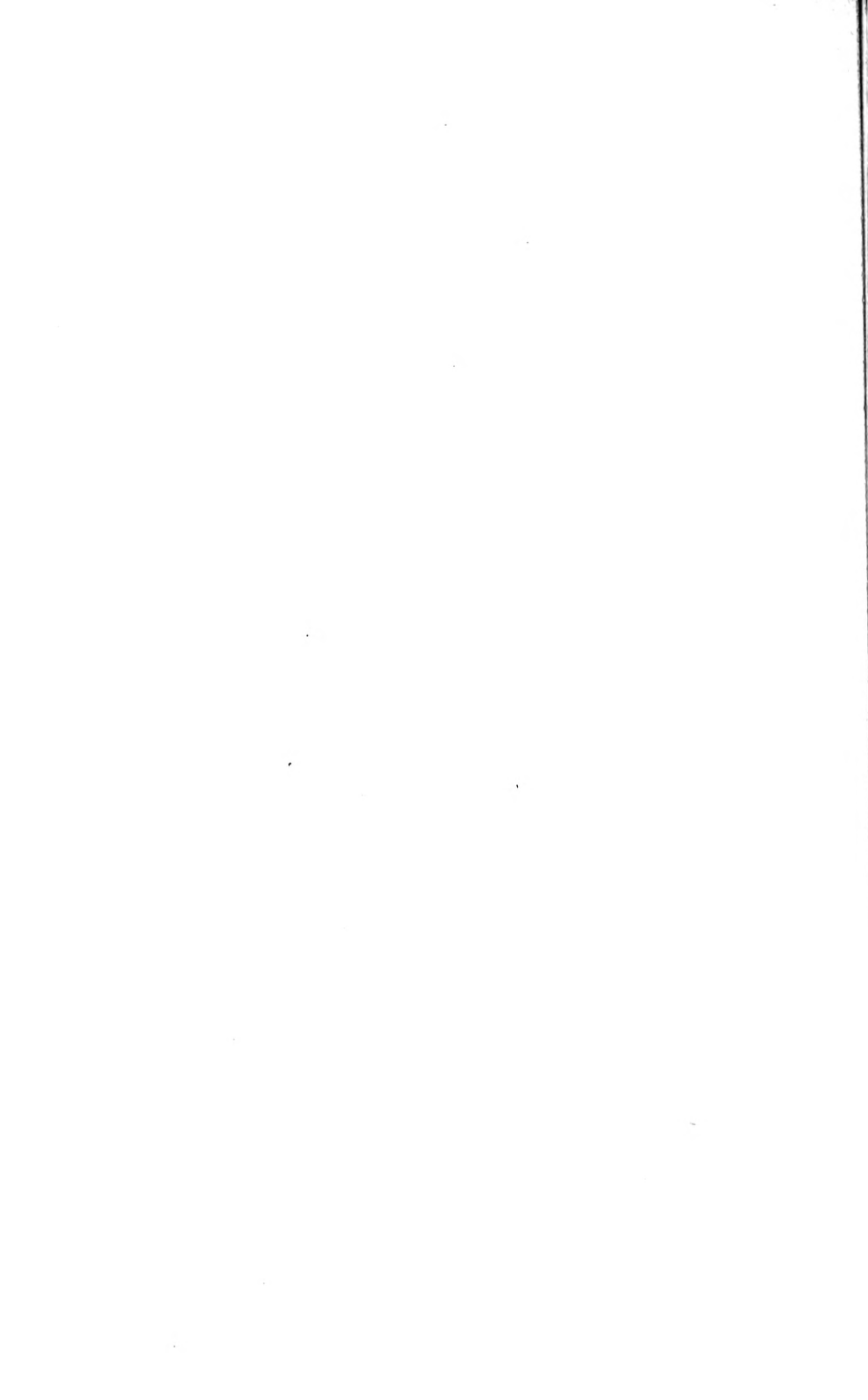
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# Part I: Co-operation and Association

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## GERMANY.

### SUPPLY OF ELECTRIC POWER FOR COUNTRY DISTRICTS BY CO-OPERATIVE ORGANIZATIONS,

by Dr. GRABEIN, Berlin.

#### SOURCES:

REINHARDT (Dr.): Die wirtschaftlichen Voraussetzungen, Erfolge und Organisation der Elektrizitätsversorgung in ländlichen Gebieten (*Economic Conditions, Results and Organization of the Supply of Electric Power to Country Districts*), Darmstadt, 1910.

VIETZE: Ratgeber für die Gründung elektrischer Überlandzentralen (*Manual for the Institution of Regional Central Electric Supply Societies*). Berlin, 1911. Published by Julius Springer.

WOLFF (Dr.): Der Landwirt und die Überlandzentrale (*The Farmer and the Regional Central Electric Supply Society*) Berlin, Ceres Edition.

To these may be added numerous articles published in the "Deutsche Landwirtschaftliche Genossenschaftspresse" and in the "Elektrotechnische Zeitschrift" as well as the Reports of the Congress of German Agricultural Co-operative Societies of 1909 and the International Congress of Agricultural Co-operative Societies held at Baden-Baden in 1912.

An extensive bibliography may be found in the above work of Vietze.

#### § 1. EXTENSION AND ORGANISATION OF THE CO-OPERATIVE ELECTRIC SUPPLY SOCIETIES.

The utilisation of electric power in the country districts of Germany has made unexpected progress in recent years. The causes of this are various. It is partly to be explained on technical grounds by the progress, that is to say, of electrical engineering, which has rendered possible, in an economic and practical sense, the establishment of high tension currents for very

great distances ; but, on the other hand, this development has been considerably assisted by the extensive propaganda carried on by the electric power works. In fact, when the supply of electricity in the urban and industrial centres was well developed, or rather when the industrial crisis of 1907-1909 checked further progress, the electric power works sought to compensate themselves by extending their attention to the country districts. Now it is certain that this propaganda was not always kept within proper limits, so that undertakings were started that could not have a healthy life. In especial, small firms showed great activity in building electric works to supply one or more villages with current, and these undertakings, founded exclusively for the benefit of the promoters, were necessarily a cause of serious loss to the farmers. The movement, ably making profit out of individual interests and local patriotism, threatened to become a greater danger, as it was able to use the legal form of the co-operative society, so dear to the agricultural population, for its own selfish ends. In consequence of this astute and untiring agitation, which shrank from no excess, a real electric fever ("bacillus electricus") broke out and spread in the rural districts. The organizations for the protection of the economic interests of the agricultural population, the chambers of agriculture, the federations of co-operative societies etc., were therefore obliged to withstand these exaggerations and, thus, they were induced to turn their attention to the problem of the supply of electric power to the country in order to give a proper direction again to the movement.

Very important reasons of economic character militate in favour of a larger supply of electric power for the country, on condition of all excess being avoided. The most solid argument is based on the growing lack of field labourers. In fact, the great industrial development of Germany has led to the annual immigration of 400,000 men for agricultural work of the first necessity. And it is not only the large farms that suffer from this dearth of labourers, but also, and to a far more considerable degree, the middle sized farms. Now, it is evidently more difficult for these latter to supply the lack of local labourers by means of foreigners. Besides, they are at a disadvantage, compared with the large farms, in respect to the employment of machine motors, and especially of steam engines, as they have not sufficient use for large motors and the work of the smaller ones costs comparatively very much more. Under these conditions, the owners of medium sized farms find the electric motor, the work of which is economical, as less power is needed for it, an exceptionally useful and important machine. The electric motor is more simple to use and easier to keep than any other machine. It is always ready for use; it is easy to clean and keep in good order. The farmer working on his own farm has therefore recourse to it even more readily than the large landed proprietor, since he has direct experience of the saving of labour due to it. The small size of the electric machines, which may be placed in any corner, against the wall or in the garret, and their absolute safety are additional reasons in favour of their use. Add to this the ease with which electric motors can be moved



from place to place and the variety of purposes which they serve. Nor must we forget the importance of electricity for purposes of illumination: if even the economic advantage as a means of saving were uncertain, the lighting of the farmer's house, yard, cattle stall, barn and cellar by electricity certainly presents many advantages and many evident conveniences.

The reasons we have briefly given have led in recent years to the rapid spread of the employment of electric power in the country districts. According to a statistical return published by the Federation of German Electrical Engineers, on April 1st., 1911, there were altogether 2,700 electric workshops supplying electric power for not less than 11,000 localities. There were at the same date 698 in course of construction or the construction of which had been decided on. The above figures include, besides workshops supplying electric current, also many installations of plant for distribution of electric power, especially co-operative societies, which have been formed in large number for the supply of villages with current (*Leitungsgenossenschaften*).

Two years ago, the National Federation prepared a report on the supply of electricity to the country districts and the results were reproduced in No. 6 (March 30th., 1912) of the *Deutsche landwirtschaftliche Genossenschaftspresse*. From this report it was seen that there was a tendency gradually prevailing in favour either of the construction of large central works for the supply of electric power to very large districts or of the conversion of the already existing minor installations into such central works. Nor are there wanting workshops supplying a single commune or a few conterminous communes, but, as a general rule, these, on account of the comparatively high cost of their installation or working, cannot stand out against the competition of the central societies, which supply immense districts, generating electric power at a very low price, in immense stations. There is no doubt that future progress will especially tend, either by the transformation of installations already existing or by the foundation of new ones, to the establishment of such central works serving large areas. Naturally, they are most widely found in regions where the population is densest and industrially most advanced, in Central, Western and Southern Germany. The provinces of Saxony, Westphalia and the Rhine especially, as also the Rhenish Palatinate, the Kingdom of Saxony and Baden, have a large number of such central electric works, and there also the largest number of proposals for new installations or for the transformation of electric workshops already existing are put forward. It is, however, worthy of consideration that even in purely agricultural districts, like Pomerania, very considerable progress has been made in regard to the supply of electric power to the rural districts. There are not only central societies of co-operative form at Besswitz, Lottin and Schoschow, but a systematic transformation is in course of being carried out by means of large central societies limited by shares for areas including several districts.

The funds are obtained by the province, the district (*Kreise*) concerned and the consumers, each undertaking a third of the cost of the

installation. The local organizations are 500 co-operative societies (*Elektrizitäts und Maschinen-genossenschaften*), working as local societies for the distribution of electric power (*Strombezugsgenossenschaften*). In other districts, the supply of electric power is principally in the hands of large societies limited by shares, limited liability societies and private undertakings formed among the best known and most important firms of this class, with the support of the large banks, large industrial undertakings and tramways.

This report is confirmed by the statistics of the Federation of German electrical engineers above mentioned. According to it, in 2,526 electric workshops and installations for the distribution of electric power, for which statistics were supplied there were :

1,745	which were private property,
725	property of the city or the State,
56	the ownership of which was not known.

Now attempts are being made to prevent this prevalence of private capital which nearly resembles a monopoly. Urban and rural communes, administrative district and provincial organizations are endeavouring, by participation in the great undertakings limited by shares, to assure for themselves a certain influence over their business, in the interest of the public and of the consumers. And also very often the district or provincial administrations or the State appear as the only or at least the principal supporters of the undertaking.

We are especially interested in the following problem: *In what way is the agricultural co-operative movement to assist in the supply of electric power to the country districts?* Three ways are possible: first, the foundation of large central societies (*Überlandzentralen*) under the legal form of co-operative societies; second, the foundation of smaller local electric workshops on a co-operative basis; third, the formation of co-operative societies for the supply of electric power (*Leitungsgenossenschaften*) for the local distribution of the current produced by the central society. And all three methods are indeed followed. According to the *Mitteilungen zur deutschen Genossenschaftsstatistik*, published by the *Preussische Central-Genossenschafts-Kasse* (Prussian Central Co-operative Bank), on January 1st., 1911, there were altogether 343 co-operative electric light and power societies, namely:

Workshops, directly producing power . . . . .	82
of these, Central Societies ( <i>Überlandzentralen</i> ) . . . . .	16
smaller offices . . . . .	66
Co-operative Societies for Distribution of Power ( <i>Leitungsgenossenschaften</i> ) . . . . .	261
of these, for distribution at a distance or both at a distance and locally . . . . .	32
only for local distribution . . . . .	229

Since the date of the above return, the number of electric undertakings of co-operative character has increased considerably; and there has especially been a large increase among the societies for the local distribution of electric power. In fact, in recent years, there have been founded 700 new co-operative electric societies, principally for distribution: very many have been founded for this latter object, above all in the Provinces of Pomerania, Silesia and Brandenburg. So also there have been started in recent years, under the legal form of co-operative societies, various undertakings for small local districts, producing electric power directly for their own account.

It would, therefore, appear that the foundation of large central societies of co-operative form has now come to a stop. Certainly, agricultural circles are disposed to choose the popular legal form of co-operative societies, for the organization of these central societies, but it cannot be overlooked that the idea meets with difficulties of various kinds in its application. The expense of installation for the large electric work-shops for the central societies is very high: these undertakings usually require millions. The co-operative society, which is a community of individuals, is little suited for enterprises requiring immense amounts of capital. The legal equality of the votes of all members, independently of the degree to which they have contributed to the formation of the capital, leads to the result that even those members, who might on their own account provide large funds, are not to be induced to contribute largely to the constitution of the capital. These shareholders would wish to have more considerable rights, in proportion to their larger contributions and the greater risks they run; but the society may not grant them such rights. Thus, those who are most concerned, if they are wealthy, for example, large manufacturers, communes and districts, for the above reasons, usually abstain from participation in central societies to be founded under the legal form of co-operative societies.

There is a further disadvantage in the ease with which members may leave a co-operative society and, even if it be objected that for practical reasons a member will never leave an electric power society, the mere possibility of withdrawal is a disturbing element, while in reality differences of a personal character or in relation to matters of fact, or the appearance of rival undertakings may always lead to resignations of the members *en masse*.

Owing to these considerations, the idea may be shown to be prevalent in rural co-operative circles that the legal form of the co-operative society is not to be recommended for large central electric power societies. In view of the capitalistic character of such undertakings the form of limited liability societies or societies limited by shares is, in general, rather to be advised, and, in connection with these, the communal organizations and the consumers of electric power should form co-operative societies for the distribution of power. In accordance with the above observations, the legal form of the co-operative society has only been adopted in a few isolated instances for the foundation of central electric societies, above

all in Saxony. There on April 1st., 1913, there were 13 central co-operative societies at work.

As Dr. Rabe, the Managing Director of the Provincial Federation of the Co-operative Societies of Saxony, was able to show at the International Co-operative Congress held at Baden-Baden in May, 1912, neither in that province were the objections against the legal form of the co-operative society for such undertakings unheeded. But, since the communes and districts held aloof, it did not seem fitting to call for the intervention of private capitalists and so it was decided to have recourse to the co-operative form. It was thought also that, as this legal form, which is so widely popular, had been adopted, the idea of the necessity and economic desirability of using electric power would be more easily extended even to the remotest agricultural centres. Besides, the federation was careful to reduce the danger inherent in the democratic principle by which all the members have equal right to vote in the general meeting, by entrusting the board of management with a principal share in the work of the society. And it endeavoured to correct the defects of the co-operative organization by inducing also the communes, districts and cities, to take part in it. We shall have occasion later to speak of the results attained by these large central co-operative societies.

The number of small central societies of local character constituted under the legal form of co-operative societies is greater. The statistical return of the Prussian Central Co-operative Bank showed 66 of these on January 1st., 1911, and since then they must have considerably increased in number.

But where the legal form of the co-operative society has found its largest application is in the formation of societies for the distribution of electric power from works already existing which limit themselves to transmitting it to their own members by means of local and connecting installations. However, in many cases, even the local and connecting installations are not established for their own account by the large central societies, and the local co-operative society for the distribution of electric power is only a society for the purchase of power and receives the current in large quantity from the transformer, whence it distributes it in smaller quantity to its own members.

Instead of forming special co-operative societies for the distribution of power, it would be possible for the rural communes simply to associate as such at the electric workshops. To arrange for so important and useful a matter as the supply of electric power is without doubt amongst the duties of the communal administrations and, in fact, rural and urban communes have in various ways made provision in the matter. Their intervention appears advisable also as guaranteeing a uniform and systematic local installation, facilitating the formation of the capital required, and further assuring in advance a large number of consumers. It must, therefore, in general, be affirmed, for the above economic and technical reasons, that the direct adherence of the communes to the central societies

is preferable to the formation of special local co-operative societies for the supply of electric power.

Unfortunately, this principle, in itself excellent, cannot always be applied, since the adherence of the communes is very often impeded. This is partly owing to the difficulty of forming the capital, partly to the want of a sufficient sentiment of solidarity. There are always some members of the community and of the administration who are anxious about the financial burden the commune may be undertaking in adhering to a central electric power society. Often also party divisions in the commune hinder the undertaking being agreed to.

When the commune as a political body is not willing to make provision, a free union of those concerned is substituted for it under the form of a co-operative society for the supply of electric current: a course similar to that which gives rise to co-operative water supply societies. They also are formed when the commune cannot decide on undertaking the necessary installation for the water supply at its own expense. Similar reasons have in recent years led to the founding of many hundreds of local co-operative societies for the supply of electric power. They are often small societies with but a limited number of members. As happens often in the co-operative world, it is frequently a few energetic and willing persons who open a large field to co-operative action. And it is indeed to be hoped that larger groups will follow on the road, traced out by them when the happy result of their efforts is seen.

The co-operative societies for the supply of water or electric power resemble in their organization co-operative purchase societies. We must draw attention to the obligation of the members to have recourse exclusively to the societies for the electric light and power they have need of. While such a provision is in itself easy to understand, it might have considerable importance in case of a rival society being started.

Another provision which has been much discussed is that of the monopoly of electric plant. This means that members must entrust the installation of plant in their houses and the provision of motors and fittings only to the co-operative society or to firms authorized by it. This monopoly has been keenly discussed both in the co-operative world and in the daily press and even in Parliament. Some have wished to see in it a violation of professional liberty, and an injury to the industrial middle classes. In consequence of this monopoly, small and medium sized firms for the supply of electric plant find themselves at a disadvantage as compared with the large firms. Some have even seen in the above provision an unlawful attempt against professional liberty and an offence against the general principles of law, so that legal action has actually been taken by suppliers of electric plant not authorized by the co-operative societies. In a suit of this kind, the supreme court of appeal for Germany, the Imperial Court of Leipzig, laid it down, however, that the provision in question is not contrary to the principles of law in force. It was stated in the judgment that it is absolutely essential for the electric businesses or central societies that the connections be good and

properly carried out, as faulty work would be prejudicial to their own interests. Nor is it to the purpose to say that they might supervise the work and correct any defects; this would be, in any case, a more inconvenient system, and cause greater loss of time and heavier expenses than direct execution or the entrusting of it only to certain persons or firms known to be competent and careful in the work of installation.

Opinions as to the advisability of this monopoly vary even in co-operative circles. It is easy to understand that co-operative federations and, even more, local co-operative societies would be disposed to entrust the work to firms of the locality or of the neighbourhood. And it seems very natural that they should have recourse to them when they can guarantee that their work is good. And the adoption of energetic systems has not failed of good results, as may be gleaned from the declarations made by Herr Saenger, who is a president of a Federation, at the above mentioned Congress at Baden Baden. The co-operative federation of Baden, over which he presides, set itself specially energetically, to destroy the monopoly enjoyed by the large electric firms and to make free competition in the work of installation in houses possible. To ensure that the work is good, the federation has laid down certain rules with regard to it, to which those carrying it out must conform.

However much sympathy may be won by leaving the field open to competition, uniformity in the supply of materials and the work of installation, which is obtained by only dealing with certain definite firms, has also its advantages, as proved by the experience of the Province of Saxony, reported by Dr. Rabe.

This course not only guarantees the uniformity and regularity of the whole work of installation, but also offers a possibility of less expenditure. Evidently firms receiving such large orders are in a position to work more cheaply; so they have been able to grant considerable reductions to the central co-operative societies in question. And these reductions are without doubt a very acceptable source of gain for the central societies, the more acceptable as the gains are apparent from the first when their income were still very small.

What we have been saying has given us occasion often to refer to the *work of the co-operative federations for the supply of electric power*. The enthusiasm and agitation, not seldom unhealthy, in favour of the distribution of electric power in the country districts, rendered it urgently necessary to institute organizations for the objective and tranquil study of the proposals that have been put forward and to enlighten and advise those concerned. Nor did there seem less necessity for advice and supervision on the part of competent and impartial organizations during the conduct and execution of these undertakings. Wherefore, to supply the need, the co-operative organizations have often founded offices for consultation. The duties of these electrical engineering or advisory bodies especially include: the giving of opinions, explanatory lectures to those interested, opinions on the proposals of central and co-operative societies for the purchase of current, assistance in the conclusion of con-

tracts for the purchase of current and the concession of electric plant, as well as the management, examination and approval of installations of electric plant and inspection of the accounts relating to them.

The first to promote such advisory and practical action in connection with the supply of electric power, was the National Federation of German Co-operative Societies. The technical office founded in connection with it, the central society for the construction of machinery (*Maschinenbauzentrale*), immediately after its foundation in 1906, offered its services to the movement, and the co-operative societies have profited by this largely. Later on, in those districts where the tendency to make use of electric power has made great advance, a number of co-operative federations provided for the constitution of their own electrical engineering divisions. In other federations, the departments for the sale of machinery or their central societies for purchase and sale undertook the work of advising in matters connected with electricity, engaging competent engineers for the purpose. In other places again, the Chambers of Agriculture or the provincial or Government authorities have founded electrical engineering offices for the purpose of giving information or advice. Thus almost the whole German Empire has been in a brief period covered by an almost uninterrupted network of competent advisory electrical engineering offices.

At the International Congress of Baden-Baden, Herr Saenger, who is president of a federation, described very clearly the advantages of these advisory offices. He showed how there has been a considerable amount saved through a careful examination of prices and the encouragement of competition for contracts of work. Nor is the preference always given to those firms that offer the most advantageous conditions, but account is taken of the general circumstances, the economic strength and the guarantee offered. As we have said above, there is free competition for the installation of electric plant in houses. And by means of free competition prices have been reduced, while the supervision on the part of the federation is a serious guarantee of the quality of the work. The establishments of the local system and the installations were from time to time visited by engineers and their defects immediately reported. Of course such a system of supervision was not too readily accepted by the electric plant firms.

Where, as in the Province of Saxony, large central societies have been formed under the legal form of co-operative societies, the work of the electrical engineering officers has proceeded on a larger and more complete scale. The electrical engineering office has from the first aimed at avoiding every unreasonable subdivision due to the foundation of small societies of too little strength, and only encourages those undertakings that, on a careful examination of all the economic and technical circumstances, give promise of a prosperous development. Nor does it limit itself to acting when electric enterprises are proposed or the buildings for them erected, but it attaches the greatest importance to constant vigilance in regard to those already started and gives them advice. The object of this continual vigilance and advisory action is to collect all the practical experience obtained and to effect that every undertaking concerned

may benefit by it. When it is considered that at present the large rural central societies have still no really practical experience they can make use of, we see that a collection of the experience obtained in this field must certainly be of considerable advantage.

## § 2. EXPERIENCES AND FINANCIAL RESULTS OF THE CO-OPERATIVE ELECTRIC LIGHT AND POWER SOCIETIES.

What we have said in the preceding section makes it already clear that up to the present we can speak of definite and well established experience in regard to the supply of electric power. The movement is still too recent for it to be easy to pass a judgment on it in any sense, above all in regard to the large central societies constituted under the legal form of co-operative societies.

The electrical engineering office of the Federation of the Co-operative Societies of the Province of Saxony has, indeed, given special importance to the collection of all the experience obtained and has therefore also considered it its duty to prepare detailed economic statistical returns. But it has not been wrong in abstaining from publishing the results obtained up to the present, considering very justly that there is need of much longer and exhaustive experience.

The facts that can be published, are very few and based essentially on the communications presented to the International Congress of Baden-Baden, already several times referred to in this article.

It is of special importance in this connection to ascertain within what limits the legal form of co-operative societies has been assumed for the work of large central societies. In spite of the arguments brought against it, as we have already said, in the Province of Saxony several large societies have been constituted of this form; and hence the opinion of Dr. Rabe the managing director of the organization of co-operative societies in that province, in regard to the experience there obtained, deserves quite special attention.

He declared that, in cases of large new electrical undertakings, he would never advise the co-operative form. In future, electrical businesses must only take the form of large central societies for large districts: "But the larger the area for which provision is to be made, the greater will be the number and variety of the businesses and the less appropriate for the work the legal form of a co-operative society. The internal management, the keeping of the registers and the relations with members already involve much useless work, causing much time to be lost. But there is quite a special danger for the society in the fact that in its general meetings, the decisions of which are final, any individual member has the same rights as a large organization or another member whose interest in the undertaking, in consideration of money invested and of consumption, is thousands of times greater. Now in case of organizations like those of



the large central societies, in which often amounts of 3,000,000, 4,000,000 or 5,000,000 marks are invested, the importance of the business is too great, and its economic interest too considerable to be left to the hazard of party contest in an unruly general meeting or to be decided in accordance with personal or local interests."

It is very interesting to find here practical experience giving weight to the objections we have already advanced, from a theoretical stand point, against the use of the legal form of co-operative societies, almost in our own words and with our own arguments. On the other hand, it must be noted that up to the present, notwithstanding the difficulties in the way, it has been possible to maintain the central co-operative societies of the Province of Saxony in vigour. As Dr. Rabe was able to show, all those undertakings formed without previous delimitation of the field of their action, without a competent technical advisory office and without sufficient capital of their own, have had, it is true, serious crises to pass through in their growth; but after these were successfully passed and they were able to consolidate their position especially by means of increased contributions from their members, the results have been satisfactory. For the greater part of these also the period when their accounts used to close with a loss is now passed, while all the other central societies more recently formed with due precautions can show good results. Already in their first working years, after payment of interest and the regular repayment of the amounts they had borrowed, they have covered their expenditure, if, indeed, naturally, they have not been able to obtain interest on their share capital. The hope, therefore, seems justified that the consumption of current may increase in the future and that then a sufficiently lucrative period for their business must ensue.

It is especially interesting to note that although electric power has only been comparatively recently introduced, the consumption of it has made considerable progress. It was often feared that the use made of electric power in country districts would be insignificant. The idea was that agriculture would make large use of electric power only in the threshing season. But, in the Provinces of Saxony, it happens that the central society has been able to show an excellent utilisation of power as compared with that of the urban electric workshops.

According to statistics published by the Union of German Electric Workshops (*Vereinigung Deutscher Elektrizitätswerke*), the *maximum* utilisation of power for city workshops lasts from 2,000 to 3,000 hours. They never know of a utilisation of more than 4,000 hours. The power supplied by the central co-operative societies recently founded in the Province of Saxony is little less. There the *maximum* utilisation lasted between 1,500 and 2,000 hours and even reached 2,500. Such an indubitably good result is explained especially by the fact that the consumption of electric power for agricultural purposes, when extended over large areas, balances itself. Especially at threshing time, the machine threshers are not utilised everywhere at the same moment.

The threshing work is distributed over a longer time in proportion as the area served by the Central Society is larger and the variety of the agricultural character of the area itself is greater.

Besides in addition to agriculture, manufactures provide a considerable number of customers in a region industrially so advanced as the Province of Saxony. Interesting figures in this connection are to be found in the recently published annual report of the above federation for 1912-1913. According to these, in 1911-12:

Agriculture and Small Industries used

for light . . . . .	1,350,00	Kilowatt	hours
for motor power . . . . .	2,100,000	"	"

Manufactures used

for light . . . . .	260,000	"	"
for motor power . . . . .	2,800,000	"	"

The need of electric power for agriculture and small industries is, according to these figures, greater than for manufactures. The large consumption for light in the case of agriculture and small industries, in comparison with that in the case of manufactures is particularly striking. This is explained, when we remember that in the manufacturing field the use of electric power for illumination of houses is very much more restricted. The large increase of consumption in 1911-1912, 160% of that of the previous year, authorizes the conclusion that in future there will be an even larger increase. Manufactures especially are assuming continually greater importance as consumers of electric power. So the hope appears to be well founded, that the central societies may in the future become completely remunerative and, in fact, the Yearbook of the National Federation for 1912 shows that a certain number of the central societies, although they have only existed a very short time, already show a net profit.

Thus we have for:

Gardelegen . . . . .	67,950	marks
Göhrde . . . . .	31,120	"
Saalkreis Butterfeld . . . . .	20,071	"
Weferlingen . . . . .	63,930	"

On the co-operative electric undertakings of other districts it is not possible here to pass a definite judgment.

From the various scattered notices appearing from time to time in the co-operative and technical press, we may, however, infer that the small local co-operative electric workshops have generally charged high rates with rather moderate financial results. Thus they charge 50 and even 60 pf. per kilowatt hour for lighting purposes, and from 30 to 40 pf. for motor power, while the corresponding prices asked by

the large central societies were, according to the quantity consumed, respectively between 25 and 30 pf. and between 10 and 20 pf. per kilowatt hour. The rates charged by the small electric workshops must be considered, from the economic point of view, as excessively high. It seems doubtful, however, whether rates of 30, 35 or even 40 pf. per kilowatt hour may signify a saving. The question, at any rate, demands attentive consideration. The above statements would confirm previous experience that small local workshops generally supply at higher rates than large ones. Let us add also that the small local workshops are exposed to feel more keenly the periodical fluctuations in the consumption of current. While in areas of large extent, especially where manufactures and agriculture are carried on side by side, time brings about a beneficent equilibrium; this is not possible when the districts to be supplied are of limited area and purely agricultural in character. The need for electric motor power is limited to a few months. Thus, for example, in a small local central society the consumption of current in June was 377 kilowatt hours, in July 405, in November, 1,656 and in December 2,148.

What sad experiences many small electric co-operative societies go through on account of lack of competent technical advice is clearly shown in the report of a small local central society of the Rhine district. It says "Our experience has been that it is no such easy matter to found a co-operative society and to supply light and power. When it is known that there is an intention to instal electric plant, all the workshops hasten to offer the most favourable conditions and the estimate of the future return is very high. But experience has shown us that afterwards things are very different. Even in the first year it became evident that the battery and engine were not adapted to our business. We bought a new battery. This had hardly lasted two years when the negative poles were damaged and everything had to be renewed. The new battery after three years had again to be replaced by another and so on in the same way without any reduction of the expenditure. Yet last year the consumption had increased and we hope for an improvement."

The financial results of the many co-operative societies for supply are very uncertain. The statistical data in the Yearbooks of the National Federation show that not seldom even societies that have been working for a series of years suffer losses. Probably the consumption of current and the revenue from it are too little to cover the working expenses, and pay interest and sinking fund. Here again the question of rates is not of decisive importance. According to the information available, the rate for motor power is 20, 25 and 30 pf. per kilowatt hour, and for light at least 45 pf., though it rises even to 50, 55 and 60 pf.

It is evident that in view of such high rates the consumption of electric light must necessarily remain limited. Thus the class of consumers called "Dunkelbrenner", little appreciated at the electric works and by the co-operative societies, is formed and the businesses extend their custom with difficulty.

Experience counsels the adoption in future of the following principles in regard to the supply of electric power to the rural districts by means of co-operative organizations :

Before starting an electric business in the country, careful examination is to be recommended with regard to its economic advisability and the possibility of returns. This examination should be entrusted to competent and impartial advisory offices, such as possibly the electrical engineering offices of a group of co-operative societies and other incorporated bodies. As to the small electric workshops limiting their field of action to a single commune or a few conterminous communes, as the cost of their installation and working is comparatively high, they are to be recommended only by way of exception, when there is cheap and abundant motor power and an adequate local consumption. In general, the installation of large electric workshops for very large areas, "Überlandzentralen", or a connection with some of these large workshops seems more suitable. When it is intended to start new electric workshops, attempt must be made to induce the urban or rural communes and the district or provincial administrations to adhere, so as to prevent the possibility of a monopoly of private capital. For the organization of these central societies the legal form of co-operative societies does not seem advisable, but rather that of societies limited by shares, or that of limited liability societies, always provided it is not a case for the adoption of the form of organizations in public law. For the secondary local organizations, when the commune does not intervene directly as such, the formation of local co-operative societies for supply is advisable. These, when the central society does not make provision itself, must establish the local installation, erect the transforming stations and establish the connection for the individual local consumers and then settle their accounts with the central society. For the establishment of the local system, the installation in houses and the purchase of motors, it is highly desirable the advice and supervision of the electrical engineering division of the federation should never be dispensed with.

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## AUSTRIA.

### THE DISTRICT OF TRENTO, A MODEL CO-OPERATIVE DISTRICT.

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#### GENERAL REMARKS.

The district of Trent is a mountainous region, lying along the banks of the Adige to the south of the great Alpine chain, which forms the watershed between the Adriatic and the river basins to the North. Politically it is subject to Austria and forms the southern portion of the Province of the Tyrol; on three sides, south, east and west, of a total length of 316 kilometres, it borders on the Kingdom of Italy (1); its population is Italian.

The area of the district is about 6,330 kms. and the population about 380,000. It is an eminently agricultural region, vines are cultivated extensively in the lower and moderately high regions (plain and hill) of the whole country and bear excellently, both as regards quality and quantity (2). The wine of the country is exported to the whole of the Austrian Empire, and, in spite of high protective tariffs, finds its way even into Switzerland and Germany. Next in importance come cereals: wheat, rye, barley oats and maize; fruit, cattle foods, tobacco, and in the warmer parts, olives (3).

In spite of the crisis in the silk industry half a century ago which lasted for a long series of years, the district of Trent, formerly an important and

(1) The district lies between 45° 40' 20" and 46° 32' 20" N. lat., and 10° 27' 30" and 11° 55' 0" E. long.

(2) The average annual yield of wine is about 750,000 hl., which, at the average price of 16-25 crs. per hl. of crushed grapes, gives a total revenue of from 12,000,000 to 19,000,000 crs. a year.

(3) The total area of arable land in the district is about 35,000 ha. (out of 100,000 ha. of productive land, arable land, meadows, gardens, orchards, vineyards and pastures), of which from 7,000 to 7,500 ha. are sown with wheat and spring crops; so that the area cultivated with wheat is little more than a sixth of the entire arable land. Of the 20,000 ha. of arable land in the plain, 7,000 are cultivated with rye, barley and oats; 2,400 with leguminous cattle foods (clover and lucern), 9,000 with hoed crops, and of these 70% with maize. From the above figures, it appears that maize is the favourite crop. In fact, the yield of wheat is hardly 90,000 quintals a year, barely sufficient for the needs of the population for 3 months.

famous silk producing region, still rears silkworms with satisfactory results ; silk worm breeding is a lucrative source of revenue for the rural population of the whole country and especially of the Alpine districts, where the industry, for climatic reasons, cannot be substituted by any other ; the mulberry tree flourishes luxuriantly in the whole country, even up to the mountain region, thanks to the climate being well suited to its cultivation. The ordinary production of cocoons is about 1,800,000 kgs. a year and yields on an average about 6,000,000 crowns a year. Livestock improvement is carried on with success in the highest valleys and on the mountains where there is abundant grazing and forage (1).

The timber trade also is a source of revenue not to be ignored ; the annual production of timber, according to an agricultural forestry statistical return of 1892, should amount to about 665,700 cubic metres of a total value of 3,640,000 crowns.

Public education is well advanced, the district is one of the few countries that can boast a very low percentage, almost nil, of illiterates.

The emigration movement from the district is considerable : about 6 % of the population annually leave the country to seek a livelihood abroad.

TABLE I. — *Emigration from the District of Trent in 1911 (1).*

District (2)	Inhabitants on December 31st., 1910 (3)	Emigration to European Countries	Transoceanic Emigration	Total
Borgo . . . . .	44,242	3,709	354	4,063
Cavalere . . . . .	23,598	4,377	382	4,759
Cles . . . . .	47,472	3,592	2,144	5,736
Mezolombardo . . . . .	21,249	660	491	1,151
Primiero . . . . .	10,865	1,050	59	1,109
Riva . . . . .	29,528	522	696	1,218
Rovereto . . . . .	56,992	2,255	182	2,437
Tione . . . . .	36,459	4,389	1,782	6,171
Trent . . . . .	69,113	2,271	521	2,792
Total Emigration in 1911 . . .				29,336 (4)

(1) From Statistical Tables published for each District by the Rovereto Labour Bureau.

(2) The cities of Trent and Rovereto were not taken into account.

(3) The figures show the number of the inhabitants of those communes in each district for which statistics were collected.

(4) This figure is, perhaps, too high. From other publications of the Labour Bureau, it appears that the emigration from the district in recent years has not exceeded from 20,000 to 22,000 persons.

(1) Dairies alone bring in about 5,000,000 crs. a year.

Landed property in the Trent district is subdivided; there are no latifundi. The very great majority of the population consists of peasant farmers.

Small holdings, elementary education and emigration have been the determining factors in the intellectual and material development of the population and have constituted the group of physical, economical and psychological forces to which the rapid spread of co-operation in the district is due.

As the district of Trent is above all agricultural, it is agricultural co-operation that is the most widely spread there; but there are also other forms especially those of distribution and production. Of these other forms we shall also speak shortly, beginning our account with a brief historical introduction.

### § I. HISTORY.

The history of co-operation in the district of Trent is intimately connected with the work of the Provincial Council of Agriculture, instituted by virtue of the Provincial Law of November 8th., 1881. The Provincial Council has two divisions, one of which has its head quarters at Innsbruck, the other at Trent; this latter has for its district the area formerly belonging to the division called the Luogotenenza, which no longer exists, that is to say, the whole of the district of Trent. The district agricultural consortiums founded in the different legal districts are under the control of the Trent division.

The division is composed of a President appointed by the Emperor, a Vice-President, member of the Provincial Executive Council; an employee of the political administration nominated by the Lieutenant Governor of the Province; two members appointed by the Agricultural Department; two appointed by the Provincial Executive Council and the Presidents of the District Agricultural Consortiums.

There is a Committee or Permanent Executive body composed of members of the division, that is, of the President, the Vice President, the Lieutenant Governor's nominee, and the four members appointed by the Agricultural Department and the Provincial Executive Council and the delegates of the Presidents of the District Agricultural Consortiums.

The Provincial Council of Agriculture acts as follows:

It gives its opinion on agricultural questions when requested by the Government or the Province; makes independent proposals in regard to agricultural matters to the Government and the Provincial Executive Council, according to the subject and the competent authority, and assists the work of the District Agricultural Consortiums and those provincial societies that, according to their rules, have it for their object to concern themselves with and extend agriculture generally, or particular branches of it, and particular agricultural industries.

By means of its permanent Executive Councils, the Provincial Council must further co-operate in the carrying out of measures for the pro-



motion of agriculture at the request of the Government or the Provincial Executive Councils in their several spheres, occupy itself with agricultural statistics and keep in correspondence on agricultural matters with the District Agricultural Consortiums and eventually with other societies.

The District Agricultural Consortiums have the following powers:

Of intervention in establishing the subventions to be granted in the district by the State and the Province; of initiating and promoting institutions and measures for the reinforcement and better consolidation of agricultural property in the district and especially promoting more and more the progress of agricultural consortiums in so far as they tend to attain certain objects, such as, for example, personal credit for the farmers, insurance etc., and of co-operating with such institutions in their work; of initiating or co-operating in the promotion of agricultural improvements of public importance and agricultural education.

In 1897 there were in the district of Trent 27 District Agricultural Consortiums with 6,433 members; in 1908 the Consortiums had increased to 30 with 10,611 members; in 1910 we find 30 consortiums with 12,190 members; in 1913 there were 31 with 13,667 members (1).

\* \* \*

The merit of having first popularized the idea of co-operation and effectively initiated the co-operative movement in the district is rightly to be attributed to the Trent Division of the Provincial Council of Agriculture.

Already in the first year of its foundation, in 1882, the Division published in its first *Agricultural Almanac for 1883* an article on "Land Credit," in which, after describing the situation of the agricultural class of the country, it showed the need for Land Credit and proposed its provision on the Raiffeisen system.

In the *Agricultural Almanac for 1884* there appeared a second article explaining, in the popular form of a dialogue, the principles underlying the rules for the "Social Loan Banks on the Raiffeisen System"; in the *Almanac for 1885*, finally, the objects and the provisions of the rules of the Central Bank of Agricultural Credit were explained on the same system. The same Almanac contained the translation of the "Model Rules for the Social Loan Banks of Raiffeisen System."

These articles aroused keen interest; ample discussion ensued, in which, however, the idea prevailed that the Raiffeisen system could indeed be fittingly applied among a people like the Germans, but that it was not likely to succeed with other nations or the Latin race.

The Trent Division of the Provincial Council of Agriculture, therefore, left public opinion to express itself freely on the important question and followed attentively the proposals put forward, not, however, neglecting to keep itself informed of what was happening elsewhere in connection with

(1) See the *Agricultural Almanacs* of 1898 (page 456), 1908 (page 569), 1911 (page 599), 1914 (page 408).

this subject. Thus the Council was able to show that Raiffeisen's ideas, which had become deeply rooted in the Rhine lands and in South Germany, had already crossed the frontier, and, overcoming preconceived antipathies, were rapidly advancing even in France.

The Trent Division was thus able to show that the Raiffeisen principles were not only applicable to populations of German race, the rather as the co-operative idea had already found numerous disciples even in Italy, where the system was introduced in 1889 into Lombardy, Piedmont, Tuscany, the Neapolitan Provinces and above all, into Venetia, through the action of the Hon. Signor Wollemborg, who was the apostle of the co-operative idea in Italy and who just that year had founded an Italian Federation of Rural Loan Banks, of which there were 50, with already 3,000 members, that had distributed no less than 1,000,000 francs in small loans. Nor was it otherwise in the Austrian Provinces, where the movement, in favour of agricultural co-operation on the Raiffeisen system was extending, in spite of the geographical, ethnographical, political and economic differences between the various regions, above all in the Provinces of Salzburg and Upper and Lower Austria, where the system was early applied, as has been shown in various articles published in this Bulletin.

As soon as the 1st. Division of the Provincial Council of Agriculture adopted for the German Tyrol the model rules compiled by the Provincial Executive Council of Lower Austria, the Trent Division published an Italian translation of them in the Agricultural Almanac for 1889 (1), together with an exhaustive article on "Personal Agricultural Credit" (2) and recommended them to the Social Banks to be eventually started in the District. Then, the Trent division published the rules for a "Co-operative Society for the Purchase of Farm Requisites" (3), compiled by the Trent Co-operative Bank to which the Trent Savings Bank made special donations: and it was just these societies that aimed at giving an idea of the practical application of the fundamental principles of the Raiffeisen system, that is to say, unlimited liability and co-operation, that by reason of their simple organization first made progress in the district of Trent.

Nor did the work of the Trent division in behalf of co-operation in the district stop here.

The Province contributed efficaciously to the progress of the Co-operative Societies and Rural Banks, granting the Trent Division financial assistance enabling it to assign to each co-operative society or rural bank an amount of not more than 200 florins, besides the printed matter and registers required. The State had already made provision for the wine societies by a credit granted in order to reduce the damage caused by the clause favouring Italian wines.

But, as soon as the first difficulties had been overcome, the need was felt of federating the various banks together for common purposes; in fact

(1) pages 286-315

(2) pages 281-286

(3) pp. 315-320

they were of delicate structure and had need of a correct and irreproachable administration to gain and keep the confidence of the public, on which their very existence essentially depended. On the one hand, a common organization was needed to control the movement, aid it to extend and give it singleness of aim, that is to say, a Federation; on the other, a central institute was required to equalise the need of the several banks for credit and provide them with the funds they wanted or invest their surplus funds, that is, a Central Bank.

The Trent Division of the Provincial Council of Agriculture, on these principles, therefore, promoted the institution of a Federation of Syndicates among the rural banks and co-operative societies, in accordance with the rules prepared by it and approved at the General Meeting of February 19th., 1895. The Federation was at once constituted and the Trent Division of the Provincial Council of Agriculture was largely represented in it.

The Federation of Rural Banks and Co-operative Societies of the Italian Portion of the Province soon subdivided itself into two branches, one for the rural banks, the other for the co-operative societies; it appointed its own secretary and inspector, organized and gave two courses of instruction, one for the bookkeepers of the banks, the other for the warehousemen of the co-operative societies, published its own newspaper, first as an appendix to the Agricultural Bulletin, and then separately under the title of "*Cooperazione Trentina*." Soon after the "*Banco di S. Vigilio*" was founded as a Central Bank of the Co-operative societies, shortly after transformed into the "*Banca Cattolica*." Assisted and controlled by these and other measures, co-operation spread rapidly in the district of Trent, so that already in 1897 the Austrian Minister of Commerce, Count Ledebur, on visiting the Federal Office at Trent, on the occasion of the sixth Austrian Wine Makers' Congress, found that the district was one of the most advanced in regard to co-operation.

When the first impulse had been given to the foundation of agricultural associations for credit and distribution, the co-operative principle made gradual progress and co-operation assumed all the other forms already successfully adopted in other countries. Hence we find also in the district of Trent: Electrical Consortiums, Brocade Consortiums, Wine Societies, Bakers' Societies, Mixed Societies for Distribution and Credit, various other Consortiums, Dairies etc.

In order to assist all these institutions in their development, the Trent Division organized among its own members a *Council for the Development of Agricultural Co-operation*, to which were referred all the applications for subsidies and all questions generally affecting the co-operative consortiums. It is under the control of the Provincial Council of Agriculture and is composed of delegates of the Tyrolese Provincial Mortgage Institute, the Federation of Rural Banks and Co-operative Societies of the District of Trent and the Agricultural Institute of S. Michele on the Adige, while the Provincial Executive Council and the Imperial and Royal Government are free to send representatives to the meetings. We shall terminate this brief account of the work of the Provincial Agricultural Council in behalf of co-operation, with a

reference to the *Co-operative Society for the Exportation of Viticultural Produce of the District of Trent*, with head quarters at Trent, founded in connection with the *Wine Makers' and Viticulturists' Association of the District of Trent*, which latter had, in terms of its own rules, to protect the interests of agriculture and the wine trade. As, however, the association could not, owing to the provisions of its own rules, take a direct initiative in many questions, recourse was had to a co-operative society for exportation, which, uniting all those interested in viticulture and winemaking, is making active propaganda and studying every means to make the produce of the region known and appreciated, and is promoting and protecting the trade both abroad and at home.

The association was dissolved in 1906, after obtaining the abolition of the clause in favour of Italian wines in the Italo-Austrian Commercial treaty, which had seriously damaged the winemaking industry of the district; the co-operative society, to which more than 1,500 producers at once adhered, is even now working out its programme on a large scale and regulating the situation of the market in its position as an intermediary between producers and the trade.

The work of the Trent Division of the Provincial Council of Agriculture has also been fruitful in promoting livestock insurance societies and the dairy industry.

Before closing this portion of our study, we shall also say a few words in reference to the *Consorzio Atesino S. Michele-Sacco*, founded in accordance with the Provincial Law No. 26 of April 23rd., 1879 for regulating the course of the Adige and reclaiming the land of the valley traversed by that river; the work called for an expenditure of almost 11,000,000 crowns, part of which was met by the State and part by the Province, and the rest by the Consortium. By the Provincial Law No. 51 of December 30th., 1896, to the above Consortium was entrusted the maintenance of the work carried out up to date; if, however, in accordance with new laws, further works were to be carried out, in agreement with the Consortium, in its district, these also must be maintained by the Consortium.

The name of the Consortium is *Consorzio di Manutenzione del Regolamento dell'Adige S. Michele-Sacco*. Its action, the rights and duties of its members, its relations with the contributing organizations, the provincial and Government authorities, are fixed and particularised in its Rules.

The business of the Consortium is conducted by the plenary meeting of Delegates, the Executive Committee of the Consortium and the Presidential Bureau.

In terms of § 53 of the Austrian law on Waters No 64 of August 28th., 1870, the plenary meeting of delegates has to deal with all the business of the Consortium except what is reserved for the Executive Committee and the Presidential Bureau. Its duties are specified in § 15 of the Rules. The Committee of the Consortium is the executive authority for the Delegates' meeting; its sphere of action is fixed in § 16 of the Rules. The Presidential Bureau represents the Consortiums with third parties in law and elsewhere and has charge of current business, and, in addition, the whole duty of man-

agement and administration, as is usual in such societies (see § 17 of the Rules, specifying the duties of the Presidential Bureau).

In terms of the law, every landholder in the territory of the co-operative society, shown on the special cadastre, which is kept by the Consortium itself, is a member of the Consortium. Membership of the Consortium is a real imprescriptible obligation attached to the soil, according to § 61 of the law No. 64 of August 28th., 1870 on Waters. To new supplementary works the State contributes 50 %, the Province 20 % and the Consortium 30 %.

The cost of maintenance of all the works, for extinction of debt and for the office expenses is covered by the contributions of members and those from the River Basins, the Southern Railways, the Trent-Malè Electric Tramway, the State Roads and the Valsugana Railway. The contributions of the members and the additional amounts to be subtracted from each year's revenue from direct taxes in the territory on the banks of the river (§ 5 of law No. 51 of December 30th., 1896) are collected by the Imperial and Royal Taxation Offices (see also § 6 of the Rules) (1).

The *Consortio Atesino*, supported by the State and the Province, has given excellent results and has largely contributed to the development of agriculture in the district of Trent and to the economic progress of the country. It was our duty, therefore, to refer also to this powerful institution before passing on to study and examine co-operation in the district of Trent in all its varied manifestations.

## § 2. CREDIT CO-OPERATION NOT STRICTLY AGRICULTURAL.

### A. — *People's Banks.*

#### (a) Co-operative Banks.

(Registered Limited Liability Economic Consortiums).

The *Trent Co-operative Bank* is a limited liability co-operative association, founded in accordance with the law of April 9th., 1873 (Bulletin of Imperial Laws, No. 70) the object of which is to obtain credit for its own members by means of mutuality and savings. The capital of the society is unlimited and is made up of shares (shares in the business, according to § 76 of the law) subscribed by members, of the value of 20 crowns each, the general reserve fund composed of the reserve fund of the consortium, the local reserve funds of the head office and the branches and special funds instituted for particular operations. As every member, in accordance with § 76 of the law of April 9th., 1873, is personally liable not only for the amount

(1) For further information, see the Report of the Technical Bureau of the Adige Consortium in 1913., bearing title of "*La sistemazione dell'Adige e la bonifica della Valle de S. Michele a Sacco*" Trent. Trent Art. Press, 1913.

of his shares but also for a further amount equal to the shares, the capital eventually consists in the credit of the Bank to the members, in accordance with chapter II of the same law of 9th., April, 1873. The society may, in order to increase its business, receive money on loan and deposits, at interest or not, on the security of its assets. The members obtain credit within the limits and in the manner laid down in the Rules, they have a right to vote at the meetings and participate in the property and profits in proportion to the shares they possess. The contributions to the funds of the society, its liquidation etc. are regulated by the provisions in Chapter III § 76-86 of the law No. 70 of April 9th., 1873.

The operations conducted by the consortium are the following: the society lends and discounts bills of exchange, invoices, certificates of work, lends without guarantee, grants subventions on pledge of personal estate, opens current accounts when two or more acceptable persons stand security or on pledge of goods, receives deposits in money by way of loan, undertakes the cash business of members and undertakes collection of money: in case of need it enters into relation with Savings Banks or Institutes obliged to publish their accounts, either to satisfy its own cash requirements or to deposit its own surplus cash; it takes charge of securities and administers them; it administers the estate of other co-operative and mutual aid societies without seeking a profit. All these operations it only conducts with its members. It does not make itself responsible for debts on loans nor invest cash in undertakings or institutes obliged to publish their accounts. If there is abundant capital, the Board of Management is empowered to invest it in purchase of public securities and land bonds, railway preference bonds and in shares in credit institutes of the country, always, however, with the precautions provided by § 24 of the Rules.

The profits are distributed as follows: a portion to members as dividend, corresponding at least with 5 % of the nominal value of the shares, on condition of the total amount to be distributed to members not being more than 50 % of the profits shown on the general balance sheet; the rest to the general reserve fund.

The executive authorities of the society are: the General Meetings of Members, the Board of Management, the Manager with the necessary number of employees, the Committee of Control, the Discount Committee and the Arbitration Committee. Founded in 1886, the Trent Co-operative Bank had in 1913, 3 branch offices, 8 subordinate branch offices and 19 agencies.

This institute has made great progress in the 28 years of its life; the members, who, in 1907, were 4,995 and held 37,638 shares, at the end of 1913 were 5,142 and held 64,556 shares. The share capital (paid up capital and reserve fund) increased from 1,247,906 crowns in 1907 to 2,804,195 crs. in 1913. The savings deposits in 1907 amounted to 23,589,853 crowns and in 1913 reached the amount of 40,248,107 crs. The profits in 1907 were 45,865 crs. and in 1912 111,150 crs. distributed as follows:

*Profits, 1912.*

Proportion of the Board of Management . . .	crs.	5,366.40
Proportion of the Managers . . . . .	»	1,980.77
4 % Dividend to Members . . . . .	»	51,271.40
Reserve Fund to meet Losses on Securities . . .	»	52,532.05
		Total . . . . .
		» 111,150.85

The General Balance Sheet for 1907 showed a credit of 47,949,223.39 crowns and a debit of 47,903,357.95 crs ; that of 1912, as seen in Table II, a credit, of 62,576,992.73 crs. and a debit of 52,465,842.11 crs.

TABLE II. — *General Balance Sheet of the Trent Co-operative Bank on December 31st., 1912*

<i>Credit.</i>		crs.
Cash in Hand . . . . .		508,330.18
Bills and Acceptances (of the Bank and Outsiders) . . .		8,585,319.97
Current Accounts Guaranteed by Securities . . . . .		4,088,365.07
»      »      »      » Bills of Exchange . . . . .		8,228,295.40
»      »      »      » Incorporated Bodies . . . . .		8,055,560.37
»      »      »      » Mortgage . . . . .		3,922,900.93
»      »      with other Banks . . . . .		723,468.45
Various Debtors . . . . .		340,295.72
Securities Deposited in Guarantee or for Custody . . . .		10,012,130.70
Real Estate . . . . .		651,000.—
Securities belonging to the Bank . . . . .		5,389,169.60
Furniture . . . . .		70,000.—
Various Receipts . . . . .		2,002,150.34
		Crowns . . . . .
		52,576,992.73

*Share Capital.*

3,153 members with 64,187 shares . . . . .		1,233,740.—
General Reserve Fund . . . . .	crs.	116,741.18
Special Reserve Fund . . . . .	»	622,634.02
		739,375.20
Total of Paid up Capital and Reserve Fund. . .	crowns	2,023,115.20

*Debits.*

Savings Deposits . . . . .	crs. 35,927,915.33	
Deposits in Current Account . . . . .	» 2,731,869.41	38,679,184.74
Current Accounts with other Banks . . . . .		1,145,456.64
Various Creditors . . . . .		179,238.49
Deposits as Guarantee and for Custody. . . . .		10,012,130.70
Dividends to Pay . . . . .		6,907.15
Various Receipts . . . . .		419,809.19
		52,465,842.11
Net Profits for Distribution . . . . .		111,150.62
		52,576,792.73
	Crowns . . . . .	

On the same basis, for the same purposes and almost on the same principles, there were founded the *Banca Mutua Popolare di Rovereto* in 1884, the "*Banca Co-operativa di Riva*" and the "*Banca Co-operativa Popolare di Arco*". The Rovereto People's Bank has, to-day, 4 agencies working in various parts of the district of Trent.

In the following table (Table III) we summarise the work of these three institutes as shown on their balance sheets for 1912.

TABLE III.

Institute	Savings Deposits and Deposits in Current Account	Current Accounts — Credits	Loans on Bills of Exchange	Government Securities	Reserve Fund and Share Capital	Total
	Crs.	Crs.	Crs.	Crs.	Crs.	Crs.
Rovereto People's Mutual Bank . . . . .	3,684,056.04	1,827,958.78	1,248,836.36	631,070.34	163,126.70	5,334.68
Riva Co-operative Bank . . . . .	3,062,955.54	1,682,678.63	676,702.44	310,356.30	201,055.26	10,431.66
Arco People's Co-operative Bank. . . . .	2,231,802.41	7,703,679.53	370,587.93	135,666.40	154,839.61	9,338.—

*(b) Other Institutes.*

There are in the district of Trent various other Institutes not of co-operative form, like the Trent Co-operative Bank, and having nothing in common with the savings banks. Such are the *Banca popolare di Trento* the *Banca commerciale di Trieste*, (Trent and Rovereto branches), and the *Banca Industriale di Trento* founded on the initiative and with the support of the Trent Catholic Bank, as we shall see below.

These Banks are not economic consortiums, because they are not based on the law No. 70 of April 9th., 1873, nor savings banks, as their object is not the collection of savings. They are, on the other hand, private societies



limited by shares and endeavour by means of the conduct of the business contemplated in their rules to facilitate and simplify the circulation of money and to promote and encourage the industry and commerce of the district. That they may attain this end, these banks are authorized to receive deposits in money in current account with or without use of the system of cheques or by the system of bank books. The first deposit entered in a bank book (or on a cash certificate) must be at least 100 crowns and the total amount deposited on the bank book system may not exceed thrice the paid up capital, in the Industrial and People's Bank, nor twice that paid up, in the Commercial Bank of Trieste.

If the total amount of the deposits entered in the bank books exceeds two thirds of the above maximum, the surplus must be entirely invested in Government securities belonging to the Bank and engaged in its name. The Banks are authorized also to issue cheques of not less than 100 crowns to bearer and at interest; the total amount of the cheques in course may not exceed the amount of capital actually paid up on the Bank shares. They discount bills of exchange, cheques, invoices and other credits; they grant loans in current account; they grant loans and advances on pledge of real and personal estate, they take part in the foundation and working of industrial, commercial and other enterprises of public utility, granting credits for the purpose, and taking or giving advances of shares and bonds; they receive in deposit Government securities and other articles, sell Government securities redeemable in instalments; purchase, sell, take or give real estate on lease, undertake or arrange public and private loans, undertake constructions; receive concessions for railways and other transport business etc.

The Trent Industrial Bank is further authorized to issue bonds up to the amount of the mortgage loans granted on buildings intended for industrial or commercial purposes, in return for mortgages on the buildings and on the mortgaged capital, as well as the amount of the loans granted for the same, objects, to societies, transport, commercial or industrial undertakings, secured on mortgage. The total amount of the bonds must never exceed five times the share capital actually paid up. As a special guarantee of the payment of the capital and interest on the bonds of the bank, issued in conformity with the above provisions, a special reserve fund for Bank bonds has been formed; by means of an initial payment of 100,000 crowns and a contribution out of the annual profits (5 % of the profits of the Bank after deducting the dividend to shareholders), until the fund amounts to 5 % of the total amount of the bonds in circulation.

Every shareholder participates in the property of the society in the proportion laid down in the rules and in the profits and losses in proportion to the number of his shares; the shareholder is liable for the engagements of the society only up to the amount of the shares he possesses. The administrative authorities of the society are the Board of Management and the General Meeting of Members. Besides these, there is a Council of Supervision or Committee of Inspection, which has a right to examine the books of the society at any moment and the annual balance sheet.

The profits of the Bank, represented by the net yield, after deduction of expenditure and losses are, partly assigned to the reserve fund (5 % in the case of the People's Bank and the Industrial Bank and  $\frac{1}{2}$  % in that of the Commercial Bank); an amount, corresponding with 5 % (People's Bank), 4  $\frac{1}{2}$  % (Industrial Bank) and 4 % (Commercial Bank) of the share capital, represents the dividend to be assigned to the share holders, while a certain percentage is deducted for payment of the Board of Management; the ultimate balance is divided among the shareholders as an extra dividend.

The State controls the work of the Bank by means of a Government Commissioner.

At the end of 1912, the share capital of the People's Bank was represented by 1,000 shares of 200 crowns each, altogether 200,000 crowns, liable to be increased to 500,000 crs. The share capital of the Commercial Bank in 1912 amounted to 8,000,000 crowns, liable to be increased to 20,000,000 crs. That of the Industrial Bank, at the same date, amounted to 1,000,000 crowns in 5,000 shares of 200 crowns each.

With regard to the balance sheets of these institutes it is to be observed that the *Banca Commerciale Triestina* does not prepare special balance sheets for its branches in the Trent district; the results of the work of these are embodied in the balance sheet of the Trieste Bank, in which, however, they are not shown separately. The balance sheet of the Banca Commerciale Triestina, therefore, shows the work of the head bank of Trieste, including the branches in the Trent district, in Friuli, Istria and Dalmatia.

The Trent People's Bank closed its account on December 31st., 1912 with a credit of 1,403,737.38 crowns and a debit of 1,392,843.45 crs. and thus with a net profit of 10,892.93 crs. The funds of the Bank consisted in:

	crowns
Capital in 1,000 shares of 200 crs. each . . .	200,000.00
General Reserve Fund . . . . .	24,908.45
Special Reserve Fund . . . . .	55,239.49
Total . . .	280,147.94

The Balance Sheet of the Industrial Bank in its second working year (1909) showed credits of 9,381,474 crs. and debits of 9,307,550 crs. and therefore a total net profit of 73,924 crs. Three years later, at the end of 1912, it showed 19,304,336.95 crowns as credits and 19,237,596.24 crs. as debits. The funds of the Bank on December 31st., 1912 were made up as follows.

	crowns	
Share Capital (5,000 shares of 200 crs. each) . . . . .	1,000,000	
Reserve Fund {	Ordinary . . . . .	14,392
	Against Depreciation of Securities . . . . .	17,507
	for Bonds . . . . .	110,623
Total . . .	1,142,522	

The progress made by the Industrial Bank is seen by the amount of its total business.

in 1908	the total business of the Bank	amounted to	53,000,000
" 1909	" " " " " "	" "	57,500,000
" 1910	" " " " " "	" "	76,680,000
" 1911	" " " " " "	" "	105,500,000
" 1912	" " " " " "	" "	111,132,000

The *Banca Commerciale Triestina* was founded in 1857; the Trent People's Bank in 1867; the Trent Industrial Bank in 1908.

### B. — *Savings Banks.*

The object of the Savings Banks of Trent and Rovereto is to give every one, but above all the poorer classes of the people, an opportunity of depositing their savings safely at interest in successive instalments. The Bank is under the patronage of the Commune in which it has its head quarters, the funds of the Bank consist of the deposits, the profits on the business and the reserve fund already formed. The profits on the business consist of the interest on the funds of the bank remaining after subtraction of the amounts due to the depositors as interest and after payment of all working expenses and the other debts of the Bank.

These profits are computed separately and placed to the reserve fund, which is formed precisely by the profits made by the Bank in previous years and the amounts placed to the fund.

The reserve fund is intended to guarantee the deposits, to meet losses and all the other engagements of the Bank. The fund must remain intact until it amounts to 5 % of the credit of the depositors, and as soon as this amount is reached or exceeded, half the surplus annual revenue must be employed for the further increase of the reserve fund until this amounts to 10 % of the credit of the depositors, while the other half may be used for purposes of public utility or benevolence in the commune.

When a part of the fund is used for this latter purpose, the proposal of the Managing Committee of the Bank to this effect must be approved by the Communal Council by a majority of two thirds of the votes of those present, and is always subject to the approval of the Government political authorities.

When the Savings Bank is dissolved, all the reserve fund must be used for the above mentioned purposes.

Besides this reserve fund, the savings Bank is obliged to have another special reserve fund to meet depreciation in securities. This fund is formed of the profits derived from the increase in value of the securities held by the Bank, that is to say from profits not realised and therefore merely registered, after deduction of the losses on other Government securities held by it.

The Commune, as patron of the Bank, provides an additional guarantee for the engagements of the Bank, so that if the reserve fund is not sufficient, the Commune is obliged to make good any deficiency.

The money received by the Bank is invested in the following ways; in loans on mortgage preferably to be repaid in successive instalments, subventions or loans on Government securities clearly specified, loans to communes, districts and water consortiums legally constituted under the provincial law of August 28th., 1870 (Bulletin of Provincial Laws, No. 64), duly authorized to contract them and extinguish them by means of additional levies made within their jurisdiction with the permission of the authorities, and, finally, with the approval of the competent authorities, to public institutes of general utility founded upon mutual principles; discount of bills, of maturity up to six months, provided with at least three signatures of persons recognised as solvent and qualified; discount of the bank's own pass books; purchase of Government revenue bonds and discount of coupons; loans or advances to credit institutions based on mutual principles or on the joint and several guarantee of all their members, provided this guarantee is also accepted by the creditors of such institutes; in special cases, purchase of real estate; deposit in current account in specified banks, with the approval of the provincial political authorities; participation in the cheque and clearing business of the Imperial and Royal Postal Savings Bank and the clearing business of the Austro-Hungarian Bank; deposit of its own Government securities in specified credit institutions authorized for the purpose by the provincial political authorities, with the object of obtaining money for its temporary needs.

The savings bank conducts its own business and provides for its own management by means of a Committee of Management and its clerks. The Committee is composed of ten members elected by the representatives of

TABLE IV. — *Work and Balance Sheets of t*

Years	Number of Books at the End of the Year		Deposited		Withdrawn	
	Trent	Rovereto	Trent	Rovereto	Trent	Rovereto
1855. . . . .	193	582	6,178.20	38,502.10	10.50	34,545.
1870. . . . .	1,353	1,060	117,871—	50,545.—	115,546.86	36,368.
1880. . . . .	4,111	3,475	1,489,319.39	324,334.87	347,390.85	250,986.
1890. . . . .	13,825	7,719	2,894,591.44	1,567,523.97	2,606,486.65	1,193,629.
1900. . . . .	22,582	8,285	8,032,487.67	8,293,654.57	6,501,700.72	8,936,554.
1910. . . . .	—	1,121	—	86,184.70	—	163,549.
	27,603	13,471	12,024,001.02	5,788,895.94	13,644,441.—	6,370,247.
	—	36	—	—	—	65,118.

(1) Exhausted in 1912 owing to the fall in value of Austrian Government Bonds. In 1905 the Fund to meet Deps 385,000 crowns. The progressive depreciation of Austrian Government Bonds caused not only the entrie loss of th

the citizens by an absolute majority of votes; their services are not remunerated. The members of the Committee appoint their President and Vice-President from among their own body by an absolute majority of votes and by ballot. For the period during which these officers hold office they cannot belong to the Municipal Executive Committee. The savings bank is under the immediate supervision of the Commune and under the control of a Government officer, who appoints a Commission to supervise and watch over the course of business and the administration and see that the rules are exactly observed.

The Trent Savings Bank was founded in 1885; it began with 193 books and deposits of 6,178 florins and a reserve fund of 2,084 florins; in 1912 there were 27,603 books, the amounts deposited were about 12,000,000 crowns and 13,660,000 crs. had been withdrawn; the credits of the depositors amounted to about 50,600,000 crs., the reserve fund was about 3,000,000 crs., the total amount administered was about 55,640,000 crs. (See Table IV, Work and Balance Sheets of the Trent and Rovereto Savings Banks). The profits for the year 1912 were 292,417.77 crs., of which 282,417.77 crs. were placed to the reserve fund to meet depreciation of securities, to cover the loss of 823,727.15 crs., due to the decrease in the real value of Government securities as quoted on December 31st., 1912; this decrease represented 4.33 % of the nominal value of the securities held by the Bank.

As said in the note at the bottom of Table IV, the funds to cover depreciation of securities in the two banks had, between 1903 and 1905, become very considerable, but were at last altogether lost, together with the profits of the year, through the progressive fall in value of Austrian Government bonds. It is well also to mention that the loans on mortgage to incorporated bodies and private individuals made by the Trent Bank in the Year 1912 amounted to 33,270,000 crs.

*Savings Banks of Trent and Rovereto.*

Depositors' Credit at the End of the Year		Fund to Meet Depreciation of Securities		Reserve Fund of the Bank		Total Funds Administered		
Trent	Rovereto	Trent	Rovereto	Trent	Rovereto	Trent	Rovereto	
6,199.41	113,503.60	—	—	20.84	5,543.30	6,220.25	119,046.90	Florins
98,791.16	227,591.65	—	—	31,744.25	25,226.15	330,535.41	252,817.80	"
64,114.23	1,108,769.90	—	27,562.82	185,197.27	94,346.83	2,353,190.59	1,230,479.55	"
75,857.55	5,400,841.23	—	90,380.21	811,638.80	268,283.82	13,340,363.98	5,759,506.26	"
81,860.05	15,281,554.67	43,678.97	84,367.42	2,250,830.12	298,958.35	40,919,452.85	15,664,820.44	Crowns
—	1,070,361.71	—	1,082.38	—	200,725.17	—	1,353,069.26	Gold Fl.
37,907.84	31,897,717.86	— (1)	— (1)	2,944,850.91	1,567,746.33	55,640,528.10	33,472,464.19	Crowns
—	63,328.02	—	—	—	—	—	63,328.02	Gold Fl.

Amount of Securities in the Trent Bank exceeded a million crowns, that in the Rovereto Bank in 1905 amounted to 1,000,000 crowns, but also of the profits for the year.

The funds devoted by the Trent Savings Bank to purposes of public utility and benevolence in accordance with its rules, from the date of its foundation up to 1912, amounted to 1,346,457 crowns.

The Rovereto Savings Bank began working in 1841 with 39 books and deposits amounting to 1,994 florins. In 1912, there were 13,405 books, about 5,790,000 crs. were deposited and 6,370,000 crs. withdrawn, besides 65,118 francs in gold; the credit to depositors amounted to 31,893,000 crowns, besides 63,328 francs in gold; the reserve fund amounted to 1,567,746 crs; the total amount administered was 33,472,464 crs., besides 63,328 francs in gold (See TABLE IV, Work and Balance Sheets of the Trent and Rovereto Savings Banks). The loans on mortgage amounted on December 31st., 1912 to 22,648,873 crowns; the funds devoted to purposes of benevolence and public utility up to the end of the year 1911 amounted to 689,134 crs.

The credit balance of the Rovereto Bank in 1912 was 137,712.07 crs., which was placed to the special fund to meet depreciation in securities; the loss in Government securities in 1912 was 500,001, crowns.

*(To be continued).*

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## BELGIUM.

### I. THE THIRD CONGRESS OF FARMWOMEN'S CLUBS AT GHENT.

#### SOURCES:

LES ASSOCIATIONS DE FERMÈRES - LE RÔLE PROFESSIONNEL DE LA FERMÈRE - LA FERMÈRE MÈRE DE FAMILLE ET MÈNAGÈRE. (*Farmwomen's Clubs. — The Professional Rôle of the Farmwoman. — The Farmwoman as Mother and House-wife*). Reports presented at the 3rd. Congress of Farmwomen's Clubs at Ghent, 1913. Brussels, "National Committee of the Federations of Farmwomen's Clubs"; 1913.

LES PRINCIPAUX VŒUX ADOPTÉS PAR LE IIIÈME CONGRÈS DES CERCLES DE FERMÈRES: 12-15 JUIN 1913 (*Principal Resolutions approved at the 3rd. Congress of Farmwomen's Clubs: June 12th.-15th., 1913*) "Village Moderne", Brussels, Goemaere, 1913.

#### § I. PROGRAMME OF THE CONGRESS.

We have already had occasion to deal with the organization and objects of the Farmwomen's Clubs in other numbers of this Bulletin (1). First started about ten years ago in Canada and the United States, they were soon widely established also in Europe, especially in Belgium, where they were recognised as among the most effectual means for educating the rural classes and arresting the depopulation of the country districts.

Belgium, with its large experience of the benefits of associations, understood that in order to facilitate their delicate mission for the peasant women, it was necessary to unite their efforts, to show the young women and the mothers the advantages of country life, to train them and give them professional instruction, to fit them to carry on the small industries in connection with the farm.

On this basis, the first farm women's clubs have arisen, in which the organization is simple and the contributions are small, provided with rich libraries of books on health, rural economy, etc. Lectures and lessons are given in them periodically, and shows and prize competitions etc. held.

(1) See numbers for May 31st., 1911, pages 43 et seqq., and October, 1913, page et seqq.

These characteristic associations, which have already given excellent results in Belgium, have, as we know, gradually spread over Austria, France, Germany, England, Ireland etc. (1).

The Congress presenting more than usual interest, on account of the intervention of the representatives of numerous foreign States, was divided into three sections, with the following programmes :

1st. *The Farmwomen's Associations*. Report of the work of the farmwomen's associations in the various countries. Organization, programmes, results. The various forms of association among farmwomen. Associations for the diffusion of instruction, associations for the defence of professional interests, co-operative societies for purchase and sale, mutual aid and insurance, savings banks and pension funds, associations for recreation. The various means of action of the farmwomen's associations : home schools, lectures, libraries, shows etc. 2nd. *The farmwomen's professional mission*. The care of young cattle. The milk industry, farmyard animals. The kitchen garden, book-keeping. The embellishment of the farm with shrubs and flowers. 3rd. *The farmwoman as mother and housewife*. Training of the family. Health of infants. Advice with regard to sanitation and furnishing. Utilization and storage of kitchen garden produce. Means the farmwomen may try for the professional education of children and for attaching them to the country.

Every field in which women may exert an appreciable influence was therefore considered.

## § 2. THE MOST IMPORTANT RESOLUTIONS AND COMMUNICATIONS.

As it is not possible to report all the decisions arrived at in the meeting in regard to the various matters mentioned above, we shall limit ourselves to those of the greatest importance. And above all, in relation to the subjects dealt with in the first division, the Congress passed resolutions to the effect that : (a) the farmwomen's associations must not limit themselves to turning out good housewives, but must also be centres of social union; (b) in the training schools for young women, belonging to land owners' families, who pass a portion of the year in the country, instruction in agriculture must be so organized as to permit of their devoting themselves with intelligence to social work connected with it ; (c) courses of domestic and rural economy must be instituted for the use of the founders of farm-women's clubs and the programme of the institutions in rural centres must be utilised for the preparation of competent managers of these clubs.

In regard to the problems of the second division, relating to the farmwomen's professional mission, all the resolutions passed substantially aim at including in the school courses instruction in agricultural bookkeeping,

(1) With reference to their origin and organization, see also the very recent publication of O. BUSSARD : *Les Cercles de fermières*. Le Musée Social. November, 1913, Paris.



gardening, kitchen gardening etc. It is especially desired that the public educational department should make the needful provisions for ensuring that practical ideas on the best method of preserving milk, the use of which is continually extending and acquiring greater importance, should be imparted in country schools, and that contracts for sale of milk should be based on its state of preservation and the quantity of fatty substance in it.

It would be desirable also that bookkeeping should be carefully taught in all institutes of agricultural domestic economy, that its first elements should be imparted in the elementary schools and that many lessons in it should be given for housewives, if possible on the initiative of the clubs, which should distribute large numbers of model registers and should organize competitions among members, with prizes for those who have kept the books of their farm best.

Finally, important resolutions were passed in relation to family training, rural exodus etc., which were dealt with in the third division of the Congress. In connection with the first point, the farmwomen's clubs were urged frequently to study in their meetings questions of household training, morality or health; as well as to encourage the reading of instructive magazines and the foundation of boarding schools exclusively for farmer's daughters.

With regard to the depopulation of the country districts, the necessity was recognised that the mothers should understand the dignity of the agricultural calling and inculcate on their children from their infancy a respect for the name and occupation of a farmer, and that they themselves should be above all convinced that country life is preferable, especially from the point of view of health and morals, to that of the city, notwithstanding the more attractive appearance of the latter, and, in addition, that, even before they are old enough for school, the mothers should initiate their children in field labour, in the care of young cattle and of garden produce, instilling into them in their early years the spirit of order and economy; and, later on, during their school years, in their spare time, interest them in the farm work, the furnishing of the house and the farm, in literature dealing with agriculture etc.

Finally, the Congress judged it desirable, always with the object of suggesting means for directly or indirectly combating the rural exodus;

1st. that the attention of the farmwomen be often drawn to subjects connected with education;

2nd. that the farmwomen's clubs organize family festivals, evening entertainments, and meetings for purposes of recreation;

3rd. that a list of publications be drawn up suited to promote devotion to the land, the family and religion, and that they be recommended and placed at the disposal of the inhabitants of the country districts;

4th. that the manner of organising *mutual and co-operative societies* among members of the farmwomen's clubs be studied.

These are the resolutions passed at the important assembly which has shown the beneficial effects of such institutions, proving once more that solidarity and union are the only forces that can transform this class of

workers, until lately overlooked, into one of the most effectual and fruitful elements of social life.

Some interesting communications were also made to the Congress. Let us mention that of M. Tibbaut on rural exodus, in which the eminent author, after observing that the country exercises an influence of the first importance for the existence of nations, being a vast reserve of human energy, physical and moral, shows the urgent need of promoting the constitution of numerous agricultural families, encouraging the erection of rural dwellings and organizing credit, so needful for the proper working of a farm. We must also, adds M. Tibbaut, hasten agricultural progress, by a more careful study of the qualities and needs of the soil, by a greater specialization of crops and the formation of a larger number of small holdings.

M. Pien, Chief of Division at the Department of Agriculture and Public Works, presented a communication on the legal and economic nature of the Belgian professional unions and co-operative and mutual societies.

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## 2. PUBLICATIONS OF RECENT DATE RELATING TO CO-OPERATION AND ASSOCIATION IN BELGIUM.

### (a) OFFICIAL PUBLICATIONS :

**EXPOSÉ STATISTIQUE DE LA SITUATION DES ASSOCIATIONS D'INTÉRÊT AGRICOLE PENDANT L'ANNEE 1911** (*Statistics showing the Situation of the Associations of Agricultural Interest in 1911*). Department of Agriculture and Public Works. Management of Agriculture. Brussels, Odry. Mommens, 1913.

**DE MOFFARTS (Paul)**: Note sur les syndicats voyers ou associations de propriétaires en vue de l'établissement de l'entretien des chemins agricoles (*Note on the Road Syndicates or Associations of Landlords for the Establishment and Maintenance of Agricultural Roads*). In "Rapports et Communications," No. 6, published by the Department of Agriculture and Public Works, Rural Office. Brussels. M. Weissenbruch, 1913.

**FRATEUR (J. L.)**: Note sur les sociétés de défrichement à l'étranger et la création d'un organisme semblable en Belgique (*Note on Foreign Clearing Societies and the Foundation of a Similar Organization in Belgium*). In "Rapports et Communications," No 6, published by the Department of Agriculture and Public Works. Rural Office. Brussels. M. Weissenbruch, 1913.

**TIBBAUT (Em.)**: Société faisant l'entreprise de défrichements (*Society engaged in the Work of Clearing*). In "Rapports et Communications," No. 6, published by the Department of Agriculture and Public Works, Rural Office. Brussels, M. Weissenbruch, 1913.

### (b) OTHER PUBLICATIONS :

**BERTOT (Arthur)**: Les assemblées générales et la nouvelle loi sur les Sociétés (*General Meetings and the New Law on Societies*). January 1st., 1914. No. 87. Brussels.

**MAENHAUT (M)**: Rapport sur les travaux de la Société Royale Centrale d'Agriculture de Belgique pendant l'année 1912-1913 (*Report on the Work of the Belgian Central Royal Society of Agriculture for the Year 1912-1913*). "Journal de la Société centrale d'Agriculture de Belgique," November, 1913. No. 11. Brussels.

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# EGYPT.

## BEGINNINGS OF THE CO-OPERATIVE MOVEMENT IN AGRICULTURE.

### OFFICIAL SOURCE:

ANNUAIRE STATISTIQUE DE L'EGYPTE (*Egyptian Statistical Yearbook*.) Finance Department; Statistical Division, Cairo, 1912.

### OTHER SOURCES:

RIBET (J.): L'Égypte et l'Association Agricole (*Egypt and Agricultural Association*). Published in "*Le Musée Social*", no. 12. October, 1913. Paris.

MICHEL (B.): Les syndicats coopératives agricoles en Égypte (*Agricultural Co-operative Syndicates in Egypt*) from "*L'Égypte contemporaine*" no. 15. May, 1913, Cairo.

### § I. INTRODUCTION.

Egypt, as we know, is an eminently agricultural country. Indeed, it may be said that most of its riches consists in agricultural produce especially in cotton. The Egyptian cotton plantations alone now cover an area of 1,640,415 feddans (1). Besides this, Egypt is also very rich in grain, vines, palms etc.

Agricultural labourers are abundant and cheap. The farms are divided on a sufficiently sound system, very equally, without too great disproportion. In this connection, we reproduce a few figures furnished by Ribet in his valuable work on Egypt.

#### *Distribution of Farms in Egypt.*

Average Area of Holding	Number of Land Holders		Area	
	Total	%	Total	%
Less than 5 Feddans . . . . .	1,247,080	89.5	1,369,612	25.0
Between 5 and 10 " . . . . .	76,139	5.5	530,231	9.7
" 10 " 20 " . . . . .	37,707	2.7	507,050	9.2
" 20 " 30 " . . . . .	11,233	0.8	274,439	5.0
" 30 " 50 " . . . . .	8,390	0.6	323,883	5.7
More than 50 " . . . . .	12,414	0.9	2,458,574	45.4
Total . . . . .	1,392,963	100.0	5,463,789	100.0

(1) 1 feddan = 0.42 ha.

Egypt is therefore a country of small holdings, eminently developed. Indeed, small holdings are markedly characteristic of the Egyptian agricultural system. Under these conditions not only should the position of the Egyptian peasant, the *jellah* be highly satisfactory, but Egypt should have followed with especial readiness the advance movement that has been seen in every country, and that, while, on the one hand, it tends to improve agricultural produce, also tends to provide for the security and real material welfare of the peasant. If something has been done in Egypt, it is only the first step towards an action that must hereafter be continued with great intensity. The Egyptian Government has already begun the work of agricultural legislation and is likely to continue it actively: this is witnessed to by the formation of the Khedivial Society of Agriculture, founded in 1898, on the initiative of Prince Hussein; the promulgation of the very important law of March 1st., 1913, declaring undistrainable those farms the area of which is less than 5 feddans, with which we have already dealt in this Bulletin more than once (1); not to mention the co-operative movement initiated by Omar Lufty Bey and continued in Ribet's new scheme for the constitution of agricultural co-operative societies in Egypt, of which we intend now to speak. But, before entering on the subject, we think it well to say a little more with regard to the present position of the Egyptian *jellah* in order that the reader may understand the difficulties that the Government and the authorities have met with in their efforts for the economic and social improvement of the rural classes.

M. Ribet writes "The *jellah* is sober, tough and hard working, but thriftless and fatalistic, and, thus not easily accessible to the idea of sacrifices to be made today for a benefit to be reaped tomorrow. Besides, he is uninstructed and the victim of the most odious usury. Of 1,000 *jellaheen* (men) hardly 85 can read and write. I do not speak of the women, of whom only 3% can read and write. In every village there is a Greek druggist, a person as extraordinary as he is harmful, called "bakal", who sets himself, by means of a clever system of usurious loans, to obtain possession of the *jellaheen's* farms and their profits. The famous law rendering farms of less than 5 feddans undistrainable, which excited so much attention in Egypt, was principally intended to liberate the peasants from the yoke of the "bakal". But, besides the ignorance of the peasants and the intolerable advantages taken of them, other causes united to make the necessity of agricultural association felt profoundly, just as in other countries, only perhaps more here. And amongst these we should mention: the cotton crisis of 1911, the serious injury done to the cotton crop by parasites and the continuous increase in recent years in the number of farms expropriated, to which the 5 feddans law will now put a certain limit. For all these evils there could only be one efficacious remedy: that remedy which has not failed of beneficial results in all countries which have suffered from

(1) Cfr. *Bulletin of Economic and Social Intelligence*. Year III, No. 9, September, 1912, page 157 and Year IV, No. 7, July, 1913, page 93.

agricultural crises: namely the association of the farmers and their co-operation in the struggle against their common enemies.

Let us now see how the co-operative movement in agriculture in Egypt has developed and what is its present position.

## § 2. THE BEGINNINGS OF THE CO-OPERATIVE MOVEMENT.

Let us say at once: the co-operative movement in Egyptian Agriculture is still in the embryonic stage; its development, by no means easy, when the mental conditions and the general situation of the peasant farmers is considered, has not yet received the highly important sanction of Government, without which it must remain permanently paralysed, but which we believe will be given before long.

The Egyptian co-operative movement is closely connected with the work of Omar Lufty Bey. He may be reasonably considered the father of co-operation in Egypt. In 1908, Prince Hussein had instituted a Commission to act on behalf of the Khedivial Society of Agriculture and study a bill and regulations for agricultural co-operation in Egypt. Of this Commission, Lufty Bey was a member and he was to found at Cairo, two years later, the first Egyptian co-operative credit society for small traders. Although this was not a co-operative society exclusively agricultural in character (1), we think it well to give a brief account of it and the results it has attained, so that the reader may have some idea of the general conditions under which co-operation as a rule will have to live and thrive in Egypt. We glean our facts from M. Ribet's interesting work above referred to.

The credit co-operative society, founded at Cairo by Lufty Bey, was founded under the form it was compelled to take of an Egyptian limited liability society authorized by the Khedive. In order to preserve the co-operative principle unchanged, it was authorized to introduce the following provisions into its rules: 1st. The shares are personal and only transferable with the consent of the Board of Management; 2nd. Loans are only granted to members, except when there are available funds in excess of the requirements of the members themselves.

The society has a capital of 175,000 frs., fully paid up. The shares are 100 frs. each. The expenses in connection with the foundation of the society came to 1,500 frs. During 1911, it granted loans for a total amount of 525,000 frs., at 7 ½ %. The loans were granted for six months and the amount varied generally from 250 to 1,000 frs. The society discounts its bills at 5 % at the Deutsche Bank. It is only exceptionally that the loans are renewed and always on condition of repayment in instalments of 1/3 of

(1) This co-operative society, in its first working year, granted special loans to certain agricultural associations. Such loans, as we shall see hereafter, are now granted by the National Bank.

the entire loan. There are 250 members in the society. There is a discount committee working both independently and through the discount committee of the Deutsche Bank. Loans are only granted on signature of a surety.

This then was the form of the first co-operative credit society founded by Lufty Bey. The form of a limited liability society is certainly not the most suitable for co-operative societies generally, and especially not for agricultural co-operative societies : but it is obligatory until the Egyptian Civil Code is suitably amended.

The proposals made by Omar Lufty in this sense were not adopted. Still he did not abandon the idea and founded a certain number of agricultural associations under the form of civil societies. During the last three years the co-operative movement initiated by him has been gradually making progress, slowly, it is true, but sufficiently surely. All the associations have prospered, some more some less, and some have acquired a local importance which augurs excellently for the future.

### § 3. AGRICULTURAL ASSOCIATIONS AT PRESENT EXISTING.

Let us now give a short account of the agricultural associations at present existing in Egypt, their constitution and their working. Of these associations the most important are those of Shubrah-el-Namlah, Kom-el-Nur and Nahiah, of which we shall speak more in detail.

#### *Association of Shubrah-el-Namlah.*

This is the oldest of the associations now working in Egypt and was founded on January 21st., 1910. It had at first 97 members, the number of which had increased by December 31st., 1912 to 241. The share capital, at first 8,634 frs., amounted at the end of the year to 13,502 frs. It is made up of contributions on shares of 200 millièmes each (5.124 frs.) ; the reserve fund increased in the three years 1910-1912 from 922 frs. to 2,972 frs. But the share capital alone would not suffice to enable the association to meet the fairly considerable demands for the satisfaction of which it was founded : it therefore has had to have recourse to loans. These loans, which it now obtains from the National Bank and during its first working year it obtained from the Credit Co-operative Society mentioned above, amount as a rule to 1,000 Egyptian Pounds (25.620 frs.) a year and are repaid in full with 6 % interest after the harvest.

The principal business of the association may be briefly summarised as follows : purchase of seeds, manure and coal ; sale of these articles again to members at 3 % above purchase price with 7 % interest in case of credit payments ; loans to members.

We shall here give a short summary of this business for the year 1912:

Purchase of Beans for Sowing . . . . .	Frs.	34,408	
"    " Cotton Seeds . . . . .	"	8,557	
"    " Chemical Manure. . . . .	"	12,708	
"    " Coal . . . . .	"	4,586	
Miscellaneous Purchases . . . . .	"	8,352	
Total Purchases . . . . .		————	Frs. 68,611
Loans to Members . . . . .	"	43,913	" 43,913
Total of Business Operations . . . . .	Frs.		<u>112,524</u>

These figures call for some remarks.

First of all it is to be observed that the association is able to purchase at far lower prices than the *fellaheen* can individually, so that purchase from it is always a gain to the members, in spite of the profit of 3 % and the 7 % interest in case of credit payments. It is also to be observed that this interest, which might appear to some a little too high, especially in the case of an association of benevolent character not seeking profits but with eminently social aims, is indeed very low when the general situation of the money market in Egypt is considered, and appears lower still, when contrasted with the intolerable amounts exacted from the peasants in places where there are not as yet any of these co-operative associations and where the *fellah* is obliged to pay the usurious demands of the "bakal".

We must, however observe that the net profits for the three years, 1910, 1911 and 1912 were respectively 2,844 frs., 3,382 frs. and 3,407 frs. These profits were divided into three equal portions: one third was placed to the reserve fund, one third distributed among the purchasers, under the form of coupons exchangeable for purchases, in proportion to the amount of the purchases; one third, finally, is distributed among members under the form of dividends. Small contributions are also paid into the Fund for Assistance to the Poor, and to the Fund for Co-operation Propaganda and Agricultural Education.

#### *Association of Kom-el-Nur.*

This association is perhaps the most important of those now existing in Egypt. At the end of 1905, it had 307 members with a share capital of 47,576 frs., or more than three times that of the Shubrah-el-Namlah association. As regards the amount of business done, the Kom-el-Nur association also surpasses the other; while in 1912, as we have seen, the total business done by the Shubrah association amounted to 112,524 frs. in the case of the Kom association, the figure was 173,473 frs. The net profits were 17,345 frs., 10 % of the total business done and the reserve fund on January 1st., 1913 amounted to 9,182 frs. It is, however, to be noted that the amount of the loans obtained from the National Bank instead of amounting to 1,000 Egyptian pounds, was precisely double that amount (51,240 frs.). As regards its business operations, there is no substantial difference between them and those of the Shubrah association.

*Association of Nahiah.*

This was founded in June, 1910. It is among the most important, in point of number of members (307 at the end of 1912, the same amount as in the Kom-el-Nur association); but the business it does is rather small (71,736 frs. in the year 1912, against 173,473 frs. in the case of the Kom-el-Nur association). It, however, deserves special notice on account of some details of its management by which it is distinguished from the other associations.

The Nahiah association, like the others, buys goods and sells them again to members for cash or on credit. When it gives credit it also charges interest, which slightly increases the prices. This increase is so arranged that the members buying on credit from the association pay the same amount as they would have to if they purchased directly on the market for cash. This is, of course, no slight gain for the purchaser.

The loans are granted at 9 % (not at 7 % as in the Shubrah association): this rate is still very low in comparison with the 30 % the *jellah* was, hitherto, accustomed to pay. It is well also to note that the association does not ask for a mortgage, nor actual security, but is satisfied with the signature of a guarantor.

The profits, which in the year 1912, amounted to 4,740 frs., were divided as follows: 50 % placed to the reserve fund; 20 % distributed as coupons exchangeable for purchase; 20 % as dividends to members; 10 % to the Poor Fund, and the Fund for Co-operation Propaganda.

We shall close these brief notes on the agricultural association now existing in Egypt with a few figures reproduced from the interesting work of M. Michel.

*Figures showing the work of the Agricultural Associations now Existing in Egypt (in Egyptian Pounds) (1).*

Name of the Association	Number of Members	Share Capital January 1st., 1913	Working Year 1912			
			Total Business Done	Loans Contracted	Reserve Fund	Net Profit
Shubrah-el-Namlah . . . . .	241	527	4,397	1,000	76	133
Kom-el-Nur . . . . .	307	1,857	6,771	2,000	383	677
Nahiah . . . . .	307	784	2,800	2,000	98	185
Auleila . . . . .	202	286	1,535	759	47	115
Santimay . . . . .	106	202	5,981	500	58	101
Nechil . . . . .	117	920	2,875	1,750	67	198
Mehelet Diay . . . . .	142	322	?	1,005	17	59
Naamul . . . . .	124	186	933	800	20	60
Total . . .	1,546	5,084	25,352	9,814	714	1,528

(1) An Egyptian Pound = 25-62 frs.



M. Michel rightly remarks that what is most observable in this table is the high percentage of the reserve fund. "Although," he writes, "several of these syndicates are not more than a year old and all began work with a sufficiently large amount of capital, the total amount of the reserve funds is 17 % of the total amount of the capital. This is a result that many European co-operative societies might envy. It is due partly to the comparatively large profits made; in 1912 the profits amounted to 6 % of the total business done and 30 % of the capital. The rudimentary condition of trade in the villages and the high cost of money allow of the syndicates making large profits, while still rendering considerable services to their members. The competition of the co-operative societies against each other and private traders would make it impossible, in most European countries to sell seed at a profit of from 10 to 20 %, as at Nahiah, or to lend at 9 %."

This then is the general situation of the Egyptian agricultural associations and the environment in which they must develop and work. If the agricultural co-operative movement in Egypt stopped with the above mentioned associations, which are rather syndicates than real and true co-operative societies, it would present very little interest. But the movement is now giving signs of greater vigour and with this new phase of activity it is our intention briefly to deal in the following paragraph.

#### § 4. NEW TENDENCIES OF AGRICULTURAL CO-OPERATION.

The first attempt made by Prince Hussein in 1908, if indeed it did not quite attain the end the Commission and the Khedivial Society had in view, that is to say the passing of special laws for the co-operative societies, still succeeded in giving birth to these first associations of which we have just spoken, which form a nucleus round which the movement will develop. In view of the excellent financial and social results attained by the associations already existing, Prince Hussein thought in 1912 of pressing forward to the complete realisation of his ideals. For this purpose, M. Ribet, an officer of the French Agricultural Department, and quite a specialist in the matter of agricultural co-operation, was invited by the Khedivial Society of Agriculture to come to Egypt to give courses of lectures there and prepare a complete scheme for the organization of agricultural association.

The scheme consisted of four parts: organization for purposes of the law, finance, and administration and organization for extension and propaganda. Although his proposals have not yet been accepted by the Egyptian Government, we think it well to summarize them briefly, since, whatever the special form the agricultural co-operation the Government sanctions may assume in Egypt, it cannot differ widely from the general lines laid down by Ribet in his proposals.

Let us give the principal heads of the bill drafted and the proposed rules.

(A) *Bill for Agricultural Co-operative Societies in Egypt.*

1. *General Provisions.* — The agricultural co-operative societies shall be associations of an unlimited number of farmers of a single district or a single region (or part thereof) for the defence of the interests and the increase of the profits of members only, by means of business carried on in common.

2. *Legislation and Civil Personality.* — The societies shall be regulated in accordance with their rules, the present law and the Civil Code.

In every case the Commercial Code shall be applicable to them and its procedure shall be followed. They shall have civil personality and may therefore receive without impediment free grants from living persons or testamentary bequests under the form of *waqf* (1) property or any other form.

*Members' Liability.* They may be formed as unlimited liability societies or as societies in which the liability is limited by shares or to a fixed amount.

*Members, Rules, Management.* The provisions made in relation to these three subjects do not substantially differ from those in force in similar societies in other countries.

*Members' Shares.* If the capital is divided into shares no share must be less than 20 P. T. (5.12 frs) or more than 500 P. T. (128 frs) No one may have an interest of more than 400 Egyptian pounds (10,248 frs.) in a single co-operative society, nor possess shares the nominal value of which exceeds this amount. The shares shall always be personal. They may only be transferred with the consent of the Board of Management or of the General Meeting.

The capital may vary with the number of members. It may, however, never be less than the amount subscribed at the foundation of the society.

*Reserve Fund.* The reserve fund shall be unlimited and be derived from the following sources :

1st. Entrance fees ;

2nd. Difference between the nominal value and the rate of issue of new shares, in case of their being new shares issued after the formation of the society ;

3rd. Three fourths at least of the net annual profits until the reserve fund amounts to two thirds of the share capital ;

4th. Profits not claimed by members or that they have lost by prescription.

In unlimited liability credit co-operative societies without capital,, all the profits shall be paid into the reserve fund to form a guarantee fund ; the rules, however, may provide that 10 % of the profits be set aside for works of public utility.

(1) The *waqf*, as we know, are the real estate belonging to Mohammedan religious communities.

In societies in which the liability is limited by shares or fixed at a certain amount, when the reserve fund amounts to  $\frac{2}{3}$  of the share capital, the surplus profits shall be divided among the members; in no case, however, shall this dividend exceed 5 % of the nominal value of the share.

(B) *Proposed General Regulations for Agricultural Co-operative Societies.*

We pass over those portions of the rules that offer no special interest as corresponding almost exactly with those in force in the majority of existing co-operative institutions. Some of the regulations, however, deserve mention: those, for example, relating to the members and the business of the societies. As regards the members, the following rules are proposed. In order to be a member of a co-operative society, it is necessary

- 1st., to be of age;
- 2nd., to have one's habitual residence in the district mentioned in the deed of foundation of the institute;
- 3rd., to be a land holder or farmer or occupied in work connected with agriculture;
- 4th., not to be already registered as member of a similar association in which the liability of members is unlimited;
- 5th., not to have been declared bankrupt or interdicted;
- 6th., to have the approval of the Board of Management.

The member must submit to the decisions of the board of management; he may, however, in case of opposition, have recourse to the Committee of Supervision, with which the ultimate decision rests.

In regard to business operations it must first of all be observed that the co-operative societies contemplated are defined in the bill as agricultural credit societies the object of which is to obtain for the farmers of small and medium sized farms the money they require for their work, as cheaply as possible.

The co-operative societies may conduct the following operations:

- 1st., Grant short loans exclusively to members for periods that must not generally exceed one year. They may, however, in exceptional cases, grant loans for up to five years.

The loans must always be justified by utility and the exclusively agricultural character of the work for which they are obtained. No loan may be granted on the mere signature of the borrower.

- 2nd., Discount bills passed exclusively by members for purposes of farm work and farm necessities;

- 3rd., Get bills rediscounted, after signature of them, at a central co-operative society or a credit institute;

- 4th., Undertake collections or payments in behalf of members:

- 5th., Receive deposits from members and open current accounts for them, at interest or not;

6th., Borrow for own account for terms of not more than five years and at a rate never to exceed the legal rate ;

7th., Invest funds temporarily uninvested.

As we see, these societies act as real credit institutes for their members, and conduct the principal operations of such institutes. But the co-operative societies in M. Ribet's scheme are not exclusively credit societies ; they may at the same time act as co-operative societies for purchase and sale. They therefore may :

1st., Organize the collective purchase of manures, agricultural implements, livestock, seeds and all raw and manufactured material required in agriculture and all articles for food or domestic use, whether acting as intermediaries for a group of members who desire to make purchases or purchasing for the account of the association itself.

2nd., Obtain all agricultural implements and livestock required for farmwork etc., with the object of leasing them to the members of the association for their exclusive use ;

3rd., Encourage and organize the sale of their members' crops ;

4th., Build and lease storehouses (*chuana*), hulling rooms, store rooms etc., for the exclusive use of members.

The co-operative societies may also afterwards plan, organize and support institutes of economic character, such as mutual societies for insurance against agricultural risks, societies for mutual aid in sickness etc., as well as found agricultural workshops in connection with the fight against plant diseases and especially against the cotton worm, promote and encourage the use of manure, agricultural implements etc; give lectures on agricultural subjects etc. etc.

#### CONCLUSION.

In the short space of this article we have therefore rapidly indicated the present situation of the Egyptian *jellah*, the various attempts made to promote a co-operative movement in Egyptian agriculture, the results so far attained and the proposals for the future

If a positive judgment may be pronounced in so delicate a matter, we should say that Egypt presents an excellent field for the development of agricultural co-operation, especially when the matter is considered from the point of view of the enormous advantages the Egyptian peasant might attain from a widespread movement of association. There are, however, some who object, and perhaps they are not wrong, that the *jellah* has not yet reached that degree of social evolution necessary for the co-operative principle to be applied well and safely. This is also, for the moment, the opinion of the Egyptian Government, which, while it is granting the *jellah* a good

system of savings banks, undistrainable "homesteads", and a considerable amount of land for improvement, does not yet think fit to urge the peasant, *ex abrupto*, on the road to syndicalism and mutuality. Certainly, every innovation, above all if radical, requires long preparation, at the risk of failin, miserably and obtaining results contrary to those looked for. We cannotg however, deny that Egypt, through the action especially of Prince Hussein and the Khedivial Society of Agriculture, is being more and more prepared for the proposed end, so that the day cannot be far off when the ideals of Lufty Bey, now embodied in M. Ribet's proposals, will definitely come to be realised.

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## Part. II: Insurance and Thrift

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### HOLLAND.

#### INSURANCE OF AGRICULTURAL LABOURERS BY THE "LANDBOUW-ONDERLINGE".

##### SOURCES:

- DE CENTRALE LANDBOUW-ONDERLINGE. Nederlandsche Landbouw-Vereeniging tot het onderling dragen van het Bedrijfs-Risico. Verslag, Balans, Rekening en Verantwoording (*Agricultural Central Mutual Society, Dutch Farmers' Association for the Distribution of Professional Risks. Report and Balance Sheet*). Years 1910, 1911 and 1912.
- KOENEN (S.): Landbouw - Ongefallen - Verzekering in Nederland (*Agricultural Accident Insurance in Holland*). In the Review "Cultura", July, 1911, pages 327-347.

##### § I. LAWS IN FORCE.

Insurance of agricultural labourers against accidents is not yet compulsory in Holland. The law of 1901 on accident insurance compelled only the industrial employers to insure their workmen against accidents in their work either with the National Insurance Bank or under certain conditions, with mutual or private institutions. It was thought it would be best to provide separately for agriculture, in consideration of the special conditions it presents. For this purpose, the Government prepared a special bill, which it presented in 1905, but which has not yet been approved for various reasons, the chief being that in the meantime the necessity was recognised of amending the law on accident insurance of industrial workmen.

The position of agricultural labourers, has, however been considerably improved by the provisions inserted in the labour contract by which, in 1907, the Civil Code of Holland was amended and completed.

At first, they might claim compensation for material losses suffered by them through accidents in their work only in accordance with art-

icles 1,401-1,407 of the Civil Code, in which the general principle is laid down that every person is liable for loss suffered by others through his fault, negligence or imprudence, or through persons and things for which he is responsible. But, as effective proof of such responsibility is very difficult to obtain, the labourers, on whom, according to these provisions, the burden of the proof fell, but seldom succeeded in making good their claim to compensation. In very many cases, which rightly or wrongly were considered purely accidental, the labourers alone suffered, unless the masters thought of giving them assistance for a longer or shorter time. And thus many labourers, victims of accidents, could only be saved from economic ruin by private or public charity.

The provisions with regard to the labour contract issued in 1907 give special sanction to three principles of great importance for agricultural labourers.

By article 1,638-c of the Civil Code the master is obliged to continue payment of wages, for a comparatively short period, to the labourer incapacitated for work through sickness or accident, always provided that the sickness or accident cannot be proved to be due to a voluntary action of the labourer, to his imprudence or to infirmity he has kept concealed.

Article 1,638-x obliges the master to provide that the workrooms, the furniture and the implements used in the business are and are kept in such a condition that the labourer may be "protected from any danger to his life, morals or property, as far as is compatible with justice and with the nature of the work." Whoever fails in this duty is bound to compensate the labourer in full for any loss, unless serious culpability can be proved against him, or in case of unavoidable accidents. In case of mortal accidents, the consort, children and parents of the victim have a claim to compensation if dependent on his labour.

In terms of article 1,638-y, the master is bound, in case of sickness or of accident to his servants living with him, to make provision for the necessary medical attendance and treatment for six weeks, unless this has already been provided for in some other way. The labourer may be called on to repay the amount expended in the fifth and sixth weeks, but that for the first four weeks must be paid by the master, unless the sickness or accident is to be ascribed to intentional act on the part of the labourer, his imprudence or an infirmity he has kept concealed.

Thus, since 1907, the duty of the farmers to provide for their workmen in cases of sickness or accident is considerably greater. Yet the need of insuring agricultural labourers against accidents still exists: the above provisions give them a right to compensation from their employers only when the accident is due to the defective equipment of the farm. In no case of purely fortuitous accident, can they claim compensation any more than before. If the farmers were to be made liable in the case of all accidents, without a distribution of risks among a number of them, most of them would have to meet liabilities far beyond their resources. So, in any case, the passing of a law on agricultural accident insurance is only a question of time.



## § 2. FOUNDATION OF "LANDBOUW- ONDERLINGE."

*Preparatory Action.* — Without waiting, however, for legislation, the Dutch farmers, have already on their own account, founded an accident insurance society for the benefit of their labourers, and in a few years it has made very brilliant progress and is constantly extending its field.

The law of 1901 on accidents had for the first time drawn the attention of the farmers to the question whether an agricultural accident insurance society would be desirable and what form would be best adapted to the special needs and conditions of agriculture. Later on, since 1904, almost all the large agricultural and viticultural associations have expressed their opinion on the matter, in their discussions and resolutions. A year before the publication of the 1905 bill, the Dutch Agricultural Committee (*Nederlandsch Landbouw-Comité*) pronounced itself in favour of the introduction of compulsory agricultural accident insurance, and in 1908 the same Committee decided to invite the Government to present a new bill; at the same time it expressed its desire that the law should limit itself to making insurance compulsory, leaving the farmers free except as regards the necessary precautions to be taken, in respect to the manner in which the insurance should be arranged. After this great organization of agricultural societies, in 1906, also the Dutch Peasants' League (*Nederlandsche Boerenbond*) pronounced in favour of accident insurance and in 1907 a collective address was presented to the Chamber by various rural associations.

Yet, convinced that they would have no success in influencing the Government, while they limited themselves to a statement of principle, but that it was necessary to approach it with definite and well thought out proposals, so as to solve the problem in a manner answering to the conditions of agricultural industry, a group of important agricultural societies, and amongst them peasants' unions founded, on June 8th., 1907, a permanent committee to study the question of agricultural accident insurance on mutual principles. This committee came to the conclusion that it would be best for the farmers directly to undertake the charge of the business in question, while they had still the time, with all possible energy. On November 3rd., 1908, the permanent committee decided to start a voluntary accident insurance society on mutual principles.

For a moment, a union with the horticulturists was contemplated, as amongst them a similar movement had manifested itself and has made progress. But, on more mature consideration, it was decided to work separately. Because, as is natural, it was desired to found the new agricultural organizations on the basis of those already existing; and agriculture in Holland as a rule is organized by provinces, while horticulture, in view of its special conditions, has an organization rather of local character. Besides, a joint organization did not seem advisable in view of the difference of risks in horticulture and agriculture. So they have each founded their separate organizations, although on the same principles.

The horticultural organization was first founded. On March 25th., 1909 the meeting of the Dutch Horticultural Council (*Tuinbouw-Raad*) instituted the Horticultural Co-operative Society (*Tuinbouw-Onderlinge*), which began work on July 1st., 1909.

The agricultural organization, in view of the larger area to which it was to extend, required a somewhat longer period of preparation.

Only on July 1st., 1909, at a large meeting held at Utrecht, attended by delegates from the societies and unions belonging to the Permanent Committee and numbers of interested persons, was it decided to found a Central Mutual Agricultural Society (*Centrale Landbouw-Onderlinge*) for agricultural accident insurance. The following months were employed in forming the provincial and local organization and explaining the purpose of the society in the different regions of the country; after that the society could begin work on January 1st., 1910.

*Organization* — The insurance society was organized on the principle of decentralisation. The provincial associations (*Provinciale Landbouw-Onderlinge*, of which the farmers are members, act as real and true insurance agencies. Only one undertaking of very large size (*Nederlandsche Heide-maatschappij*) is directly affiliated to the Central Society. In case of small accidents, such as have not caused disablement for a period of more than two months, the risk is exclusively borne by these organizations. They are autonomous, have their own rules that of course must all be uniform in essential points, and separate Boards of Management, composed of a president, a secretary and a varying number of members. In most societies one of the members of the board is appointed by the provincial agricultural societies taking part in the foundation of the particular society.

The provincial associations are then divided into *Afdeelingen* (Divisions), managed by a local commission elected by the members (*Plaatselijke-Onderlinge-Commissie*) (1). These Commissions are the intermediaries between the provincial insurance organizations and the individual members. They have not only to manage the local business of the association but also represent it with its members. This office, which they had not at the beginning, was gradually imposed on them by force of circumstances and was sanctioned at the meeting of the members of the central co-operative society, held on December 19th., 1912, and inserted in the rules. The same meeting also decided that at the plenary meetings of the provincial associations, which any member may attend, the votes must be taken no longer per head, but per *afdeeling*. Before every plenary meeting the members of each *afdeeling* must agree in regard to the subjects placed on the agenda and appoint a delegate to vote at the meeting

(1) This division of all the provincial institutions into *Afdeelingen* was only recently made, as a result of the decision of the plenary meeting of members of the Central Mutual Society, held on December 19th., 1912. Previously, there were only two provinces thus divided, Friesland and Guelders. In the other provinces the local conduct of affairs was entrusted to the *Plaatselijke Commissies*, the members of which were appointed by the Central Society (*Collegie van Commissarissen*), according to the desires of the persons locally interested.

in conformity with the mandate given him. The number of votes of each *afdeeling* is calculated upon the amount of wages its members pay in a year. The *afdeeling* has one vote for every 25,000 florins so paid, but no *afdeeling* has more than three (not more than five in Zealand).

The local commissions form the basis on which the whole insurance organization rests. Their principal duty is to investigate every case of accident, its importance and its causes, and to see that the victim receives medical attendance and treatment and the compensation due to him for the loss of his wages according to the conditions of insurance. As in most cases the consequences of accidents do not last beyond two months, the local commissions must perform the greater part of the work unaided. Together with this their principal business, they also have other work of a preparatory nature, such as, that of ascertaining the amount of annual wages paid by members, on the basis of which their contributions are fixed.

The Central Mutual Society (*Centrale Landbouwe-Onderlinge*) is under the management of the College of Commissioners (*Commissarissen*), consisting of representatives of the provincial insurance organizations. The business management is in the hands of a board, composed of two persons appointed at the general meeting. There is, besides, a *Commissie van Toezicht* for supervision of the business and a commission for the examination of the balance sheet and the book keeping: both these commissions are composed of *Commissarissen*.

The Central Society provides for compensation in the more serious cases, those requiring medical attendance for more than two months or resulting in death. It thus serves in some degree as a reinsurance institute. Besides this, it is the ordinary administrative body, dealing with every question of technical administration or of general legal character. For this part of its work, together with other organizations uniting with it for the same object, the *Centrale Werkgevers-Risico-Bank* and the *Wet-Risico* (Legal Risk) association, it has founded an excellent and very special administrative body, the *Centraal Beheer*, to which the greater part of the administrative work is entrusted. In this way it has been arranged that the organization, still in its youth, might from the start have a staff trained to settle the difficult problems it has to deal with, without incurring excessive expense.

In addition to the organization proper above described, there are also ten arbitration Committees (*Commissies von Scheidslieden*) in the various provinces, deciding appeals against the decisions of the management. At the end of 1912 there was further founded a Higher Commission (*Hoofd Commissie*) as a second court of appeal. These Commissions are composed of a president, a secretary and four members, with their deputies, half of them labourers.

*Benefits.* — According to the accident regulations established by the Central Society, and considerably extended by the plenary meeting of December 19th., 1912, compensation is given for every accident to any one hired for agricultural work. Only those labourers and employees engaged exclusively for work not of an agricultural kind, as, for example, bakers, are

excluded from the insurance. But a servant, who has to attend to work of various kinds, and amongst it also agricultural work, is insured for the whole time he is working. Children of the farmers, over ten years of age, if they also take part in the farmwork, are considered as labourers. They can, however, at their own request, be excluded from the insurance.

The idea of what constitutes an accident was also considerably extended at the general meeting of December 19th., 1912. First of all a labourer had only a right to compensation when injured by an accident while engaged in agricultural work. Now it is no longer considered whether the accident is directly due to certain occupations, but it is enough that there is a connection between it and them. In addition, it is no longer necessary that the accident should be connected with an agricultural occupation, it is only necessary that it should be connected with some work with which the labourer was entrusted by the farmer.

Since January 1st., 1913 it has become possible for the landholders to insure themselves personally against accidents. As the small farmers need to be insured equally with the labourers, a separate insurance branch was first founded for them in 1910. But this led to no result and so now the proprietors, on making application, are insured in the same way as the labourers. They are chiefly insured against accidents in agricultural work. But insured landholders, if victims of accidents, receive compensation also in all those cases in which a labourer would be entitled to it.

The members' meeting on December 19th., 1912 made provision for a very useful extension of insurance, deciding that many professional maladies must be placed on a par with accidents. The administration (*Collegie van Commissarissen*) has to compile a list of maladies that may give claim to compensation. This list cannot at first be very large, because science has not yet established many elements by which we may judge with certainty of the origin of diseases in relation to different occupations.

For the masters it is a particularly important thing that the risk of what is called civil liability is now covered by insurance. Since the financial consequences of article 1,638-x of the civil code were already included in the insurance, the members' meeting of December 19th., 1912 decided also to include claims for compensation based on articles 1,401-1,407 of the Code, already mentioned. Thus, if a master is obliged, in accordance with the above articles, to compensate a third person, the amount of compensation is paid by the association, provided the injury is caused by one of his workmen or connected with the execution of work of an agricultural character. The object of this limitation is that the association shall only undertake the risk of accidents due to the master personally or to his labourers in the exercise of their proper professional work. For this purpose, it has also been established that the administration of the Central Society (*Collegie van Commissarissen*) may refuse to undertake these liability risks in the case of certain occupations and work in which the possibility of third persons being injured is particularly great. Thus, by virtue of a decision of the administration of April 8th., 1913, no compensation is given

for injuries done by motor cars or motor cycles or firearms or vehicles not used for farm work. There is a further limitation of insurance of liability, in that the maximum eventual compensation is fixed at 10,000 florins in case of one person being injured and at 25,000 florins in case of more victims, and at 2,500 florins in case of damage to property.

A special separate branch of the institute has been started for the insurance of domestic servants against sickness, the master having to provide them, in terms of article 1,638-y above mentioned, with medical attendance and treatment for six weeks. Many offices have been opened for this purpose, the work of which is independent of that of the other insurance branches.

We shall now briefly consider the benefits provided for the insured labourers by this voluntary institution. In establishing the regulations for accidents in work, the benefits the law of 1901 granted to the industrial workmen have been taken as a standard. There has, however been some departure from that standard in various points of detail.

The labourer, first of all, receives medical treatment, unless this has been provided for in some other way. Besides this, compensation is given to him for the disablement caused by the accident. And as this compensation is given for loss of wages, it must be calculated upon the wages. In case, however, the disablement lasts only a few days, no compensation is given, since it is not held advisable to relieve the master of the obligation, imposed by article 1,638-c of the Civil Code, of continuing the payment of wages in the first days of sickness and also because compensations for accidents of small moment cause disproportionate labour and expenditure. The term for which no compensation is paid was at first 10 days, but, in consequence of requests from various quarters, it was reduced to 5 days, from January 1st., 1913.

In case of disablement lasting more than 5 (at first 10) days from the date of the accident, a distinction must be made between temporary and permanent disablement. In case of temporary disablement the labourer receives 70 % of the wages he would presumably have received; if, however, the disablement is only partial, the compensation is reduced in proportion. The expenditure is borne, up to the end of the first two months, by the provincial associations and after that by the Central Society.

In case of permanent disablement or permanent reduction of working capacity, a pension is granted that may amount at most to 70% of the wages, and is fixed in proportion to the degree of diminution of working capacity. Instead of a pension, the management and administration may grant the labourer, if he desires it and it is considered to his interest, a lump sum of 80% of the capitalised value of the pension. If the working capacity is diminished by less than one tenth, in any case a lump sum is paid. In fact, a diminution of so little importance is easily compensated by the man himself after a little time adapting himself to the circumstances; and besides pensions of absolutely insignificant amounts are of little value for the pensioners, while they are a source of heavy expense to the insurance office.

The compensation was at first 312 times the daily pay (equal, that is, to a year's pension) ; but, in consequence of the changes introduced at the end of 1912 in the regulations for accidents in work, it has been increased to three times that amount.

In case of mortal accidents, the widow receives for her natural life or until she remarries, 30 % of the deceased's wages, and every child receives 15 % up to his or her seventeenth year ; however, the total pensions of the widow and children may not exceed 60 % of the deceased's wages. Further, in 1913, the insurance was made to include the funeral expenses, to the amount of 30 times the daily wages.

It must also be observed that in case of accidents caused intentionally or through serious negligence on the part of the labourer, there is no claim to any compensation, and proceedings may even be taken against a master accused of having caused the accident, voluntarily or by serious negligence. On the other hand, the admission of members is subject to the approval of the local commission after consideration of their character.

*Masters' Contributions.* — The costs of insurance are paid by the masters. The members must pay an entrance fee in proportion to the amount of wages they pay in the year.

It is calculated as follows :

for masters paying annually 1,500 florins in wages . . .	3.00 fls.
"    "    "    "    from 500 to 1,500 fls. in wages	1.50 fl.
"    "    "    "    less than 500 fls. in wages . . .	1.00 fl.
"    farmers not employing labourers . . . . .	0.60 fl.

In addition to the entrance fees, which are used to pay for the costs of installation, the funds for purposes of actual insurance are obtained by means of the contributions in proportion to the wages paid by members to their labourers.

In determining the amount of wages, first of all the information supplied by the masters is considered ; lists (*loonstaten*) are made out at each payment of wages, showing the total amount paid ; and the number of persons employed, the number of the employers' children who are insured and their wages, as well as the cost of maintenance of such children, the labourers and servants living in the house and the amount of wages paid in kind. In this way, the amount of wages paid by the master and received by the labourers, in any form, is accurately established. These lists of wages are far simpler than those instituted by the law of 1901 on industrial insurance ; in accordance with that, a separate list had to be made for each labourer and the wages received had to be entered week by week, whilst in the case of the mutual agricultural insurance societies only one entry is made each time of the total amount for all the labourers. In the case of such masters as do not fill in these lists, and when the accuracy of the information furnished is doubtful, the amount of wages is calculated by the Local Commission on the basis of the number of labourers, the nature of the work and the average wages paid in the district for such work.

It will be enough here to mention in passing that, besides the organization with which we have dealt, there are some other agricultural mutual disablement and accident insurance societies in Holland, for which the reinsurance institute founded by the Dutch Peasants' League serves as a centre. We shall deal with these specially in a future article.

### § 3. INSURANCE WORK OF THE LANDROUW ONDERLINGE IN THE YEARS 1910, 1911 AND 1912.

The external development of the Institute may be seen from the following figures :

Date	Number of Provincial Associations	Number of <i>Afdelingen</i> or of Local Commissions	Number of Registered Members	Amount of Wages — Florins
January 1 <sup>st</sup> . 1910	7	—	3,699	5,348,481
1911	10	202	6,198	9,582,132
1912	10	206	8,024	11,423,957
1913	10	213	9,378	13,946,459
July 15 <sup>th</sup> . 1913	—	—	11,017	15,640,000

The special branch for domestic servants' disablement insurance had, on January 1<sup>st</sup>, 1914, 44 dependent sections, with 1, 418 members, and on January 1<sup>st</sup>, 1913, 61 sections with 2,339 members.

The number and gravity of the accidents is seen in the following table

Accidents	1900	1911	1912
Not necessitating any expenditure .	76	123	133
Requiring only medical attendance	132	300	333
Giving claim to temporary compensation for less than two months . . . . .	515	850	1,030
Giving claim to temporary compensation for more than two months.	46	75	79
Giving claim to pension for life . .	3	5	9
Fatal . . . . .	9	12	14
Total . . . . .	781	1,365	1,598

It is very important to know the causes to which the accidents are to be attributed, as every insurance business must seek not only to make good losses that have occurred, but also to make proper provision to pre-

vent the occurrence of accidents. The "*Landbouw-Onderlinge*" have sought to do so from the first. The experience of the first three years is not yet sufficient for general precautionary measures of a technical character to be based on them. However, the Central Society in its annual reports publishes detailed information in regard to the causes of accidents so as to induce the farmers themselves to adopt precautionary measures on their own farms with a view to the prevention of certain accidents of greater frequency and to see that the labourers exercise prudence in the performance of certain kinds of work.

The following table shows how the accidents that occurred on the years 1910, 1911 and 1912 may be classified according to their main causes :

Causes	Number of Accidents	Total Period of Disablement (days)	Fatal Accidents	Total Expenditure (Florins)
Due to the Employment of Vehicles.	499	15,102	9	22,874.97
„ Animals . . . . .	036	15,254	5	28,082.675
„ the Employment of Agricultural Machinery . . . . .	171	4,574	1	9,552.49
„ Falls . . . . .	671	17,974	5	31,251.395
„ Falls of Objects, Implementments, etc. . . . .	102	3,330	2	8,624.66
„ Bruises . . . . .	384	7,092	1	8,178.275
„ Dislocations, . . . . .	295	7,345	1	10,863.77
„ the Use of Edged Tools . . . . .	480	8,818	1	18,371.235
„ Various Causes. . . . .	512	9,073	10	35,453.285
Total . . . . .	3,750	89,162	35	169,225.755

In the financial statement at the end of this article we show the total amount of the working expenses, the cost of medical assistance and compensations paid, as well as the total amount of the members' contributions.

We may learn from this information that the total cost of the administration, very much decentralised (Central Society, Provincial Associations, *Afdelingen*), with very various duties, is comparatively very low. Notwithstanding the heavy expenditure in the first years on installation and propaganda carried on by means of the press and meetings, the working expenses were in 1910 and 1911 only 40 %, and in 1912 33 % of the total expenditure. This is principally due to the great assistance given by the members personally, who act as secretaries and members of the



local *afdeelingen*. Naturally, as the number of members increases the insurance becomes gradually cheaper; it must also be borne in mind that, as is easily understood, the working expenses and the expenditure in connection with accidents decrease in proportion as the wages insured increase, as may be seen from the following table for the year 1912.

Provinces	Amount of Wages (Florins)	Expenditure in connection with Accidents (per Hundred Florins)	Other Expenses (per Hundred Florins)
Friesland . . . . .	2,760,976	15.2 cents	15.2 cents
Groningen . . . . .	1,798,801	15.7	10.0
Drenthe . . . . .	782,510	29.8	16.5
Overijssel . . . . .	244,257	32.7	26.4
Guelders . . . . .	341,533	30.2	22.4
Utrecht . . . . .	296,253	33.7	18.1
North Holland . . . . .	2,266,348	26.6	14.2
South Holland . . . . .	2,201,032	24.1	17.9
Zealand . . . . .	1,999,954	24.5	11.5
North Brabant . . . . .	579,744	26.4	12.2
Members registered directly with the Central Society . . . . .	675,051	26.1	—

#### § 4. GENERAL IMPORTANCE OF THIS BRANCH OF INSURANCE.

The insurance of agricultural labourers against accidents in their work, independently of any compulsion on the part of the State, is an excellent proof of the lofty social sentiment animating the Dutch farmers, as only a small portion of the assistance and compensation received by the labourers by means of this insurance is provided for in the Civil Code in its clauses respecting labour contracts. All the other benefits are voluntarily on the part of the farmers associated for the work of insurance, and they, notwithstanding the constant rise in wages and the many other burdens under which agriculture labours, have not hesitated to take on themselves this expenditure also. Many of them have given their time and labour personally to the work, co-operating freely or for a very small compensation in the business as secretaries or members of *Afdeelingen*.

But agricultural accident insurance in Holland is not only based on the recognition of the social duty of assisting the labourers, victims of accidents in agricultural work, but also on enlightened considerations of a

practical nature. As we have seen, the movement in favour of this kind of insurance was the result of the law of 1901. That law, which considerably improved the position of the industrial workmen, threatened to increase the rural exodus to the cities and industrial centres, so that it was to the interest of the farmers themselves to grant their labourers a similar improvement of their conditions.

But, the danger of the introduction of compulsory centralised Government insurance was a specially strong motive urging the farmers to found an institute of their own. All the agricultural associations called upon to express their opinion on the matter declared that a system on the plan of the industrial insurance, such as was provided in the 1905 bill, would be unsuitable and undesirable. In the case of industrial insurance the master retains the right to insure his labourers with the State National Insurance Bank in Amsterdam, or with any other business recognised by the State: yet every thing in the nature of inquiry into the accidents and the estimation of the loss and of the amount of compensation due is entrusted exclusively to the National Bank. Such centralisation in the case of agriculture, in view of the large number and the scattered position of the farms, would be the cause of great inconvenience and considerable expense. It was feared that in this way the insurance business would pass completely into the hands of mere employees and that the direct participation of the farmers, which contributes so largely to keep down the cost and to extend the principles of the society in the agricultural world, would cease altogether. Hence the general desire of the agricultural associations is that the State should indeed make it compulsory for the farmers to ensure their labourers against accidents, but that for the rest it should limit itself to supervising the development of those forms of insurance institutes selected by the farmers themselves.

The Government Commission for Agriculture (*Staats-Commissie voor den Landbouw*) founded in 1906 to study the question of agricultural labourers was fully in accord with this idea, in its conclusions in reference to agricultural labourers' accident insurance. In its *Rapporten en Voorstellen*, published in 1909, this Commission presented 18 proposals, in the first place advocating the most complete decentralisation possible of the insurance system and the participation of the farmers in the management of this important business.

And, since the farmers with their insurance business have in the meantime begun their own action and given proof of their competence it is very probable that when the problem comes to receive a legal solution their desires will be given full consideration.

*Financial Summary of the Entire Insurance Business from 1910 to 1912.*

(In Florins) (1).

	1910	1911	1912
<b>I. WORKING EXPENSES.</b>			
(a) Central Administration . . . . .	21,905.655	17,020.52	26,490.97
(b) Provincial Mutual Societies . . . . .	12,870.32	16,360.61	19,446.37
Total . . . . .	34,775.975	36,211.235	47,982.86
<b>2. MEDICAL ATTENDANCE AND COMPENSATION.</b>			
(a) Central Society :			
Temporary (2) . . . . .	4,890.61	6,858.475	8,613.05
Permanent (2) . . . . .	29,347 —	38,970.04	56,825.64
Total . . . . .	34,237.01	45,828.515	65,438.69 (3)
(b) Provincial Mutual Societies . . . . .	16,720.465	28,669.70	33,644.625
Total of Expenditure due to Accidents. . .	50,958.075	74,498.215	99,083.315
<b>3. TOTAL AMOUNT OF WAGES INSURED.</b>			
	8,959.075	11,896,846.15	13,946,450 —
<b>4. CONTRIBUTIONS COLLECTED PER 100 FLORINS OF WAGES</b>			
(a) Central Society :			
for Working Expenses . . . . .	0.245	0.144	0.19
for Assistance . . . . .	0.385	0.383	0.47
for Reserve Fund . . . . .	0.05	0.05	—
(b) Provincial Mutual Societies :			
for Assistance. . . . .	0.187	0.241	0.241
for Other Expenses . . . . .	0.143	0.138	0.139
Total Contributions Collected . . . . .	1.01	0.956	1.04

(1) A Dutch florin = 2.0832 francs.

(2) The amounts shown include all expenditure (medical assistance and compensation for loss of wages) due to accidents within the year, borne by the Central Society. Further amounts to be paid in successive years are calculated at their value at the moment of making out the accounts.

(3) The figures for 1912 are very high on account of the comparatively large number of serious accidents, causing the expenditure of quite 28,000 florins that year.



# Part III: Credit

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## CHILE.

### WORK DONE BY THE MORTGAGE CREDIT BANK IN 1912.

#### SOURCE :

CAJA DE CREDITO HIPOTECARIO: Informe correspondiente a las operaciones del año 1912. (*Mortgage Credit Bank. Report of Transactions for 1912*). Valparaiso, Sociedad Univer-  
verso, 1913.

#### § I. SOME PARTICULARS RESPECTING THE MORTGAGE CREDIT BANK.

In a previous number of our Bulletin (1) we spoke at some length of this important land credit institution, describing its constitution and working, and pointing out the great services rendered by it to agricultural economics in Chile. Before giving an account of its working in 1912, it may be desirable to enumerate its essential characteristics.

The Mortgage Credit Bank was legally constituted in 1885 for purposes of public utility. As it had no share capital, it was not intended to make any profit, except so much as might be necessary to cover the cost of working and to form a reserve fund. Its object is to facilitate all long term mortgage credit transactions and the repayment of loans by means of annual instalments including interest and sinking fund. For this purpose, the Bank issues mortgage bonds, personal or to bearer, for a value of 1,000, 500, 200, and 100 pesos, redeemable by drawings.

The loans are made in bonds, and must be guaranteed on first mortgages: they must not exceed 50 % of the value of the land mortgaged. In practice this limit is reduced to 40 %, and even to 25 %, according to the character and quality of the land. Great administrative prudence has been shown

(1) *Bulletin of Economic and Social Intelligence*, 1913, No. 3.

in the drawing up of the rules for the concession of loans secured on mortgage of urban real estate. The minimum limit, fixed by the organic law at 500 pesos, is in practice 5,000 pesos. The borrower must pay every year interest up to an amount not exceeding 8 %, a contribution to the sinking fund to be agreed upon freely and, lastly, a contribution to the reserve fund and working expenses, of not more than one-half per cent.

To guarantee the holders of bonds, besides the mortgages, there is the reserve fund, which forms the true capital of the Bank. This fund is constituted by means of the above mentioned contributions, the interest on delayed payments, the mortgage bonds drawn by lot, and interest not drawn within the allotted term.

That the bonds may be more readily accepted on the market the law permits of their being deposited as a guarantee for the exercise of any public office and for judicial deposits, also in general of their being purchased for investments for minors and for charitable institutions. The State itself has invested in mortgage bonds of this Bank the capital forming the fund for the redemption of its paper.

The direction and management of the bank are entrusted to a managing director, a cashier, an auditor, a secretary and a Board of Management, all appointed by the President of the Republic. The Board of Management is formed of the managing director, the auditor and four members, two appointed by the Senate, and two by the Chamber of Deputies. Of the two last, one must be chosen from among the largest borrowers from the Bank.

The Mortgage Bank has made great and rapid progress: in 1868 its loans in bonds amounted to 4,000,000 pesos, and rose to more than 300,000,000 in 1912.

We shall now give some particulars of the work of the Bank during 1912.

## § 2. SPECIAL TRANSACTIONS IN 1912.

The managing director's report first gives an account of three special transactions carried out by the Bank. The first of these was the issue of bonds on foreign markets to the value of 11,500,000 francs at 5 % in gold, to be repaid in instalments of 1 %. This was effected through the French bankers, Louis Dreyfus and Co., and Otto Benberg and Co, in accordance with the contract made with them on May 19th., 1912 (1).

The object of this transaction was to facilitate the granting of loans in gold. The results were satisfactory; the bonds continued to be quoted on the Paris Exchange at an average rate of 97 %.

The second special transaction was the conversion of bonds payable in current money (2) into bonds payable in gold. By the law of February

(1) In 1911, in accordance with the above mentioned contract, the Bank had issued mortgage bonds in gold at 5 % and 1 % for 40,000,000 francs and for £ 176,260.

(2) By current money (\$) is meant the paper peso; in January, 1913, its average value was frs. 1.057; in December it fell to 0.985 fr. The gold peso is equivalent to fr. 1.89.

12th., 1912, the President of the Republic was authorised to sell, either at home or abroad, the bonds of the Mortgage Bank payable in current money, belonging to the State and appropriated by law to the payment of the national debt and to the formation of the guarantee fund of the Nitrate Credit Bank.

By the same law, the Government was empowered to substitute, through the Mortgage Credit Bank, a part of these bonds to the value of 55,000,000 pesos, for an equivalent amount in bonds payable in national or foreign gold at 5 % interest with 1 % sinking fund. The law prescribed the manner in which the Bank should proceed for the destruction of the bonds for which the new issue was substituted, and guaranteed the Bank against eventual loss which it might suffer in issuing the new bonds, owing to the alteration of the standard of international exchange. The Germanic Bank of South America offered, in the name of a German banking syndicate, to undertake the financial business. By a definite contract of October 11th., 1912, it was stipulated that the syndicate should purchase the 5 % bonds issued by the Bank for the sum of 30,999,984 gold pesos of 18 pence or 47,999,976 marks, corresponding with the sum of 50,917,474 current money, the nominal value of the bonds held by the State and deposited in the Bank of Santiago. The issue had to be made in 117,647 certificates of 500 francs each (408 marks).

The purchase price agreed upon was 164 pesos 25 centavos current money, for every 100 pesos in gold of 18 pence. The term for repayment of the bonds was fixed at 37 years, the Bank reserving the right of effecting extraordinary payments. The bonds are payable to the bearer, and are printed in Spanish, German, French and English; they are exempt from any tax whatever in Chile. By the terms of the contract the banking syndicate was at liberty to invest the bonds for its own exclusive account, whenever it deemed it desirable.

The bonds in current money belonging to the State were consigned to the Bank, which, by means of an office specially founded for the purpose, proceeded gradually to burn them. The issue of the new bonds cannot, owing to the necessary formalities, be completed within the year: The results of the subscription of May 14th. at 96¼, with half yearly interest beginning from February 15th., were very satisfactory. The bonds were officially quoted on the Berlin Exchange and thus another important financial market was opened to Chile.

In addition its own special work, the Bank has undertaken the management of the affairs of the Nitrate Credit Bank. This institution, by law of September 11th., 1912, had to cease business, and the Mortgage Credit Bank has had to undertake the issue of documents of title and the work in connection therewith till all liabilities are paid off. The Treasury is to compensate the Bank for any losses which this might involve. Under the above mentioned law, the Bank also took over the debt of the Valparaiso Company for £31,202 and that of the City Railway Company of San Bernardo for 106,937 pesos.

## § 3. LOANS.

The amount of Loans made in current money in 1912 exceeded that of those made in former years. In 1912 there were 1,038 loans made, of the total amount of \$ 71,503,200, against 896 loans in 1911 of \$ 57,761,400. There were 51 loans in gold (francs and pounds sterling), and of these 44 in francs for a total amount of 11,500,000 francs and 7 in pounds for £462,240. In 1911 the loans in gold numbered 254, of the value of 40,024,000 francs and £176,260.

Of the 1,038 loans in current money, 301 were granted on rural property and 747 on urban property, in the three cities of Santiago, Valparaiso and Concepcion, the rural loans being fewer in number than the urban, yet exceeding them in value by more than 5,000,000 ;

Rural loans . . . . .	301	for	\$ 38,308,200
Urban " . . . . .	737	"	" 33,195,000
	<u>1,038</u>		<u>\$ 71,503,200</u>

Of the 51 loans in gold, 31 were secured on urban and 20 on rural land :

	In Pounds	In Francs
Rural loans . . . . .	2 for £ 7,040	18 for fr. 6,263,000
Urban " . . . . .	5 for £ 455,200	26 for fr. 5,237,000
	<u>7 for £ 462,240</u>	<u>44 for fr. 11,500,000</u>

The greater number of the urban loans were contracted on real estate in the city of Santiago (27,518,000 pesos out of 33,195,000 pesos ; 4,093,000 francs out of 5,237,000 francs). Of the rural loans, those in the province of Santiago come first; then those in the provinces of O'Higgins, Colchagua, Aconcagua, etc.

The ordinary sinking fund payments amounted to \$ 5,222,100 for loans in current money, 1,455,000 francs for loans in francs and £ 4,390 for those in pounds sterling. The special sinking fund payments amounted to \$ 22,882,900 for the former and 24,000 francs for the two latter classes.

The mortgage transactions up to December 31st., 1912 were thus :

5,128 loans in pesos per . . .	\$ 280,052,500
286 loans in gold . . . . .	Fr. 51,498,000
20 loans in pounds sterling	£ 647,500



These 5,434 loans were divided as under, according to the nature of the property mortgaged:

Loans on Land	In pesos		In gold (francs)		In gold (pounds sterling)	
	Nº	Amount	Nº	Amount	Nº	Amount
Urban . . . . .	3,025	110,572,400	173	20,188,500	8	476,680
Rural . . . . .	2,103	169,480,100	113	31,310,000	12	170,820

Urban loans were granted very largely (1) on real estate in the city of Santiago; while the rural loans (2) principally benefited the provinces of Santiago, Colchagua, O'Higgins, Talca and Aconcagua.

§ 4. ISSUES.

The bonds issued in 1912 correspond with the loans contracted. The issue was of 71,503,200 pesos thus divided: 38,961,000 pesos in bonds at 8%; 26,514,200 pesos in bonds at 7%; 5,493,000 pesos in bonds at 6% and 535,000 pesos in bonds at 5%.

The issue in gold amounted to 11,500,000 fr. and £462,240 in bonds at 5%. We must also mention a special issue in gold at 5% made by the Bank in accordance with the law of February 12th., 1912, of which we have already spoken in section 2; these new bonds substitute the destroyed certificates of various series owned by the State. The value of the issue negotiated with the German banking syndicate is 47,999,976 marks, equal to 58,823,500 fr. This transaction, on the one hand, caused an extraordinary extinction of bonds in current money, equal to the amount of the destroyed certificates, and, on the other hand, an extraordinary issue in gold equal to the amount in marks of the bonds substituting them.

Taking into account the ordinary as well as the extraordinary issue, the total amount in gold of the bonds is 70,323,500 fr., and £462,240.

We give here the balance of the issues in current money and gold on December 31st., 1912.

	Pesos \$	Francs Fr.	Pounds sterling £
Balance on January 1st., 1912	218,347,700	39,824,000	184,485
Issued in the Year . . . .	71,503,200	70,323,500	462,240
Total . . . .	289,850,900	110,147,500	646,725
Paid off in the Year . . . .	70,023,500	1,479,000	4,390
Balance on December 31st.,	219,827,400	108,668,500	642,335

(1) 2,774 loans in current money for \$93,596,000; 149 loans (in gold) for 15,221 fr., and 6 loans in gold for £451,680.

(2) 495 loans of \$45,658,300; 36 loans in gold of 9,768,000 fr.; 1 loans in gold of £77,000.

The Bonds in circulation were distributed on December 31st., 1912, as follows :

	8'	7''	6'	0''
In current money . . . \$	54,378,600	104,068,000	50,881,400	1,500,400
In gold { francs . . . . Fr.	—	—	—	168,668,500
{ pounds sterling . £	—	—	8,310	634,025

#### § 5 RESERVE FUND.

On December 31st., 1912, the reserve fund of the Bank amounted to \$ 8,408,977.54, including the balance of the previous year and a working capital of 698,422 pesos. The special reserve fund formed by the conversion of the paper bonds of the State into gold was increased during the year by \$ 21,200 and now stands at 720,000 pesos.

We have thus shown in this rapid sketch how the Chilian mortgage system pursues its onward course, rendering great service to the agricultural prosperity of the country.

## FRANCE.

### SAVINGS BANKS AND THE INVESTMENT OF THEIR CAPITAL.

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## § I. THE SAVINGS OF THE PEOPLE AND THE PROBLEMS OF LAND CREDIT.

The problems of credit cannot be solved without a knowledge of two fundamental points: the requirements of capital of a definite class of persons, and the quantity of capital available to supply this need. Added to this, there must be knowledge of all the institutions which have to collect the capital and invest it safely and serve in any way as intermediaries between the great body of depositors and all those who are in want of credit.

A systematic consideration of the financial questions in which farmers are interested must not be limited merely to problems regarding rural credit. It is necessary to consider the sources from which capital *is obtained and may be obtained* for agriculture by the savings institutes. In conformity with these views, we have already published in this *Bulletin* various monographs, articles and notes on the statistics, organization and investment in many countries of the people's savings, almost exclusively the result of thrift and not of lucrative investment. It is these savings, which by their nature may be better than anything else employed for the advancement of rural credit institutions not aiming at capitalistic speculation but solely seeking the interests of agriculture. People seeking safe investments rather than high interest, which has its risks, may find in agriculture, under due guarantee, an investment on the safety of which they can fully rely. On the other hand, farmers are generally only in a position to borrow at a low rate of interest and they can find the money they require at such rate on application to the institutes collecting popular savings, such as, the savings banks (ordinary and postal) and the thrift institutes. Hence the desirability of explaining how popular saving is organised in various countries, and showing the amounts saved by the agricultural classes, and the amount of capital invested by them in agriculture, and also of that not so invested.

In continuance of the series of articles we have already published on the organization and working of Savings Banks in various countries, the present one refers to those of France and will deal with the problems which for some time have agitated the public mind there as to the investment of the capital accumulating in both the ordinary and the Postal Savings Banks (National Savings Bank) (1).

## § 2. THE TWO TYPES OF SAVINGS BANKS.

The first Savings and Thrift Bank in France was established in Paris in 1818 by the managers of the French Maritime Insurance Company, as a limited liability society for the benefit of farmers, labourers, artisans,

(1) In this article we do not take into consideration all the institutions in France which absorb the savings of the people such as the "mutual societies", capitalisation societies and insurance societies. We leave for a future time the consideration of the quantity and management of French capital every year invested in mortgage bonds, for the promotion of both home and foreign enterprise and the foundation and assistance of credit institutions, among which are many for land and agricultural credit in foreign countries.

servants, and other persons in modest circumstances, but provident and thrifty. Similar institutions soon followed in other cities of France. As up to 1835 there was no law for the regulation of these banks, there was great variety in their constitutions. Some were limited liability societies, others benevolent institutions, others were founded by municipal councils, others grew out of branches of already existing institutes, notably pawn offices.

The law of June 5th., 1835 provided that the establishment of Thrift and Savings Banks must be authorised by Royal Order and that the deposits must be placed in current account at the Treasury. These decrees are still the pivots on which the more recent legislature turns.

In 1829 there were only eleven banks; in 1835 there were 159 with 55 branches; in 1855 the number had risen to 386 with 171 branches, and in 1881 there were 542 banks with 908 branches, and the number of banks has, with but slight fluctuations, since then been stationary.

Yet, notwithstanding this wide diffusion, Savings Banks have not fully made their way among the more humble classes of society, those classes for which in view of their unhappy and precarious economic condition, saving and thrift are especially necessary. In 1861 England led the way in the successful establishment of Postal Savings Banks and was successively followed by Italy, Belgium, Canada and other states and France, by law of April 9th., 1881, founded a National Savings Bank (Postal Banks), administered by the State and worked through the Post Offices. Later on, the sphere of this Bank was extended to Algiers and Tunis and branches were founded abroad, where the French already had post offices at Alexandria, Port-Said, Tangiers etc. Thus, we see two very similar types of Savings Banks, the older, the ordinary savings banks, working as private institutions of public utility, yet under State direction; the other, the Postal Savings Banks, real State institutions.

It was however needful that by the law of July 20th., 1895, the rules which had been successively established for the ordinary and postal banks should be brought into accord with each other so that the sphere of action of these institutions might be clearly defined.

### § 3. ORDINARY SAVINGS BANKS.

The number of these banks, which in 1881 was 542 with 908 branches, had risen in 1910 to 550 with 1,770 branches. It is seldom necessary now to create new ones, because these banks have generally been instituted by the Commune to supply a manifest need, and the existence of one in a commune prevents the foundation of another in the same commune. Their sphere of action is not, however, limited to their own district, for they may receive deposits from all who desire to transact business with them. Some of them are under the real and unlimited control of the communal administrations, while others enjoy a semi-autonomy, but there are 107 completely independent of municipal authority. They are all at liberty to establish branches.

The management is entrusted to a board of directors, generally fifteen in number, who give their services gratuitously, receiving, if desired, counters as tokens of their having been present at the meetings of the council. All persons, women and minors included, may make deposits on their own account or on that of others.

A legislative provision, quite peculiar to French savings banks, enjoins that no person shall hold more than one savings bank book; any one obtaining two books, whether from the same bank or from two ordinary banks, or from one ordinary and one postal bank, risks losing the interest on the sums deposited for a period, which may extend to three years.

Deposits must not be less than one franc, and in no book may more than 1,500 francs be entered. Should the deposits exceed that amount, government 20fr. stock is purchased in the name of the depositors. Mutual Aid Societies, charitable institutions, co-operative societies and similar organisations alone are authorised by the Department of Labour to make deposits to the amount of 15,000 fr.

The rate of interest is the same as that of the Deposit and Consignment Bank, except for a deduction of not less than 25 centimes and not more than 50 centimes, each bank is at liberty to fix itself. Since the rate fixed by the Deposit and Consignment Bank is at present  $3\frac{1}{4}\%$  that of the Savings Banks varies from 3 to  $2\frac{3}{4}\%$ , according to the Bank.

At the request of the holder, an account opened at one savings bank may be transferred to another. Payments are generally made by the bank at sight, but they are only obligatory at fifteen days' notice. But, in case of absolute necessity, or to avoid a crisis in times of panic, a Decree of the Council of State may limit the payments to 50 fr. per fortnight. This is the so-called *saving clause* which was made law in 1881, in order to avoid a repetition of the inconvenience experienced during the crises of 1848 and 1870.

The crisis of 1848 overtook the savings banks with a debt to the depositors of 355,000,000; of this amount 65,000,000 frs. were in current account at the Treasury. Owing to the political situation, many of the depositors crowded to the banks to claim their money. As it was impossible to satisfy them at once, the Government made solemn promises to reassure them. and, by a decree of March 7th., raised the rate of interest to 5%. But the crowd of creditors at the banks remained undiminished, and a decree of March 9th. limited payments to 100 fr. for each book and offered to convert the remainder, half into bills on the Treasury at from 4 to 6 months, and the rest into 5% Government stock at par. But at that time the Treasury bonds were 30 or 40 below par and Government stock was quoted at 70. As a remedy for this state of affairs, the books were converted by a decree of July 7th. into certificates of 5% stock at 80 fr., a figure too high in view of the quotations, and later, on November 21st., the deposits thus converted received a bonus of 8.40fr. for every 5fr. of stock, that is a sum equal to the difference between 80 fr. and 71.06 fr., the average rate for the three months preceding the day on which the conversion was ordered.

The crisis of 1870 was met in another way. A series of decrees (September 17th., October 16th., November 17th. and December 17th., 1870) authorised payments of 50 fr. at a time. The necessary capital was supplied by the Bank of France, from which the *Deposit and Consignment Bank* obtained 40,000,000 millions frs. at a rate varying from 5  $\frac{1}{2}$  to 6  $\frac{1}{2}$  %. This transaction cost the *Bank* about 844,000 fr.

As regards the investment of savings, the banks are forbidden by law of 1895 to administer the deposits they receive and are obliged to pay them into the *Deposit and Consignment Bank*, a State institution.

With the exception of the sum which must remain available for payments, the deposits may be invested :

- (1) in State or State guaranteed bonds ;
- (2) in negotiable bonds representing capital entirely paid up, issued by Departments, Communes, or Chambers of Commerce ;
- (3) in land bonds or communal land credit securities.

The sums not invested as above, which must not amount to more than 10 % of the deposits, are placed in current account bearing interest at the Treasury or deposited at the Bank of France.

The Deposit Bank administers the reserve fund. Every bank must form its own capital out of donations, the difference between the interest taken by the Deposit Bank and that paid to the creditors, and interest on its own capital. This capital may be invested in the purchase of fully guaranteed bonds. Up to the fifth of this capital, and all profits therefrom, the banks may use to purchase local securities issued by pawn offices or other institutions of public utility and may grant loans to co-operative credit societies or societies for the building of workmen's dwelling houses.

The savings banks are under the control of the State and a Superior Commission of Savings Banks at the Department of Labour must be consulted on all important questions respecting ordinary or post office Savings banks.

#### § 4. NATIONAL SAVINGS BANK (POST OFFICE SAVINGS BANK).

The object of this institution is to assist saving by means of the Post Office which is the most widely diffused administrative organisation in the whole country and is most in contact with the people. In the first working year (1882) 6,024 offices had already been authorized to receive savings and the number so authorized at the end of 1911 had risen to 8,124 and by December 31st., 1912 to 12,317. This rapid increase between 1911 and 1912 is due to the increase in the number of Savings Banks, even in places where there is no post office, the postmen being authorised to receive and to make payments on behalf of the holders of post office books. In sparsely populated districts in this way communication between the post offices and the depositors has been rendered possible and convenient through the medium of the postmen.

The work is under the management and supervision of the Central Office of the National Savings Bank dependent on the Department of Public Works. The accounts of the National Bank (Post Office Savings bank) are audited by an accountant at the head office. All the rules respecting deposits and payments fixed for the ordinary savings banks are also in force for post office savings banks. There are special facilitations to assist depositors in the post office to form their savings. To encourage the poorest to economy, cards are distributed to which stamps may be attached to the value of one franc, the minimum amount accepted as a deposit. On ships and in every body of colonial troops branch post office banks are established with the object of habituating the sailors and soldiers to save instead of wasting their pay.

Depositors in post office savings banks enjoy advantages over those in ordinary savings banks. The holder of a post office book may make deposits and receive payments in any post office, while the holder of an ordinary bank book must address himself exclusively to the office where he opened his account, unless he transfers it to another bank. A person who has opened an account in a French post office may, by virtue of international agreements with Belgium (1882) and Italy (1904) transfer his account to a Belgian or Italian postal bank, or keep his account in France, while depositing or withdrawing in any office of the above mentioned States.

The books of an ordinary bank may be transferred to the post office, and viceversa.

Payments may be made at sight to those who keep their accounts in the Central Office in Paris. Those who reside in Paris and those who are only passing through the city may receive payments about half an hour after the request has been made. The owner of a current account in the Central Office may apply for his money in any post office in Paris or the suburbs by pneumatic post, or by telegraph at his own expense. The rate of interest paid to depositors is fixed in proportion to the profits on the amount deposited after deducting the working expenses, but it must not be less than  $\frac{1}{2}$  % of the amount deposited. The deduction for expenses must be so calculated that the interest actually paid on postal deposits shall be at least 25 centimes less than that paid by the ordinary banks. The object of this is to protect the ordinary banks against the competition of the post office banks. At present the rate of interest is  $2 \frac{1}{2}$  %.

According to the law of April 9th., 1881, the National Savings Bank (post office bank) must every day pay its surplus into the Deposit and Consignment Bank. This bank keeps a part of the deposits in a current account with the National Savings Bank at a rate of interest which must not exceed that paid on Treasury bonds (law of December 26th., 1890). The amount must not exceed 100,000,000 (law of February 27th., 1912). The rest of the deposits are converted into Government stock or stock guaranteed by the Government.

Independently of its bills and acceptances and of its current account with the Deposit and Consignment Bank, the National Savings Bank pos-



sesses a capital which on December 31st., 1912 amounted to 74,658,662 fr. According to the law, this may consist of:

- (a) donations and legacies made by outsiders;
- (b) unclaimed deposits belonging by right of prescription to the bank;
- (c) profits on investments;
- (d) the capitalization of the interest on these sums.

### § 5. WORKING OF SAVINGS BANKS.

Now that we have shown in detail how the Savings Banks are organised, let us examine the statistics of the working of both types. The figures will show us the characteristic difference in the deposits made in each group and also the difference between the French system and that of other countries.

The ordinary banks are of greater financial importance than the postal. This is due to various causes.

The ordinary banks in 1882, the year of the establishment of the postal banks, had a capital in deposits of about 1,500,000,000 fr. and an endowment of 32,600,000 fr.; now, as every one knows, one of the forces which tend to augment deposits in every country is the accumulation of interest, and of constantly increasing compound interest. The interest on the amount of 1,500,000,000 fr., already held by the ordinary banks when the Postal Banks had scarcely arisen, has in itself contributed to keep up their financial superiority. There are also other circumstances which help to explain the greater success of the ordinary banks: their higher rate of interest, their position in urban centres, or richer and more populous centres, the restriction of every depositor to one bank book either in an ordinary savings bank or in a postal bank. This last rule induces many depositors to invest in the ordinary banks, as they prefer to obtain the higher rate of interest. On the other hand, as the ordinary banks are generally guaranteed by the communes, and their capital invested in Government stock, there is no appreciable difference in either type of bank as to the security offered to depositors.

TABLE I. — *Situation of French Savings Banks from 1901 to 1912,*

Years	Number of Offices			Number of Books on December 31st.		Credit to Depositors		Capital of the Banks	
	Ordinary Banks		Postal Banks	Ordinary Banks	Postal Banks	Ordinary Banks	Postal Banks	Ordinary Banks	Postal Banks
	Banks	Branches							
				In thousands		(in millions of francs)		(in millions of francs)	
1901 . . . .	547	1,333	7,772	7,246	3,806	3,340.0	1,080.4	144.4	4.1
1902 . . . .	546	1,366	7,820	7,307	3,991	3,283.0	1,106.8	144.3	5.1
1903 . . . .	549	1,436	7,870	7,326	4,144	3,187.8	1,118.0	150.4	4.0
1904 . . . .	550	1,461	7,883	7,422	4,345	3,246.1	1,187.3	160.9	4.1
1905 . . . .	549	1,493	7,884	7,557	4,577	3,376.5	1,278.3	166.5	4.3
1906 . . . .	550	1,526	7,912	7,668	4,795	3,434.1	1,338.7	171.1	3.6
1907 . . . .	549	1,573	7,938	7,794	5,035	3,543.0	1,433.5	174.0	3.8
1908 . . . .	549	1,654	7,966	7,948	5,292	3,680.1	1,538.7	179.5	3.9
1909 . . . .	550	1,712	7,919	8,116	5,542	3,833.4	1,639.7	186.0	4.4
1910 . . . .	550	1,770	8,097	8,283	5,786	3,933.4	1,709.7	192.4	4.4
1911 . . . .	550	1,803	8,124	8,392	5,971	3,908.9	1,704.1	199.2	5.1
1912 (1) . . .	—	—	12,317	—	6,187	—	1,745.6	—	4.8

(1) For 1912, we have only data relating to the postal banks. The last report of the ordinary savings banks, presented on July 10th, 1913, by the Department of Labour to the President of the Republic, shows their working up to December 13th., 1911.

Notwithstanding that the ordinary banks have fewer offices open to the public, they have a larger number of books in circulation than the Postal Banks. Of course the first receive larger deposits than the second, for their depositors are more numerous, as well as of a richer class than the depositors in the Postal Banks.

TABLE II. — *Average of Deposits and of Saving Banks Books in France from 1901 to 1912.*

Year	Average Deposit per Book in francs		Number of books per 1,000 Inhabitants		Average Deposit per Inhabitant in francs	
	Ordinary Banks	Postal Banks	Ordinary Banks	Postal Banks	Ordinary Banks	Postal Banks
1901	462.18	286.15	186	98	85.95	27.79
1902	449.29	277.28	187	103	84.26	28.38
1903	435.12	269.78	188	106	81.81	28.59
1904	437.34	273.23	190	111	83.31	30.28
1905	446.80	279.25	193	113	86.66	32.60
1906	447.84	279.20	195	122	87.48	34.07
1907	454.60	284.69	198	128	90.26	36.55
1908	462.99	297.77	202	135	93.75	39.10
1909	472.31	295.81	206	141	97.66	41.60
1910	474.87	295.49	211	146	100.20	43.26
1911	465.80	285.58	212	151	98.70	43.03
1912	—	282.12	—	154	—	43.50

By these figures we may the more easily perceive the greater importance of the ordinary savings banks. This superior financial position of the ordinary over the postal banks may be observed in many other European countries where the two organizations exist. We give some savings banks statistics published in the *Statistische Korrespondenz* and already referred to in our Bulletin (I).

TABLE III — *Average Deposits and Savings Bank Books in some European States.*

Countries	Years	Number of Books per 100 Inhabitants		Amount of Savings per Inhabitant (In marks)		Amount of Savings per Book (In marks)	
		Ordinary	Postal	Ordinary	Postal	Ordinary	Postal
Belgium . . . . .	1909 . . . . .	0.23	36.37	1.11	98.78	485.54	271.62
England (United Kingdom) . . . . .	1910 . . . . .	4.07	26.35	23.75	76.73	583.47	291.19
Italy . . . . .	1910 . . . . .	6.47	15.58	54.87	40.60	848.07	260.64
Holland . . . . .	1909 . . . . .	7.39	24.97	30.12	46.55	407.24	186.46
Austria . . . . .	1909 . . . . .	14.56	7.58	171.89	6.75	1,180.29	89.02
Sweden . . . . .	1910 . . . . .	28.26	10.09	164.78	9.42	583.14	93.36

There are two facts we learn from these figures. Generally, the number of books issued by the postal banks is larger than that issued by the ordinary banks, except in the case of Austria and Sweden, but the average amount of savings per book and per inhabitant is higher in the case of the ordinary savings banks (1). If we consider the total savings in the postal banks and in the ordinary banks, we may see by the figures in Table II, that about one third of the population have savings bank books. This is not an average but the absolute amount. In fact, as we have said, the law of July 20th., 1895 does not permit anyone to have more than one savings bank book in his own name. This is therefore quite a considerable amount, above all when account is taken of another very well known fact, that even the poorest classes of the French people invest a large part of their savings in the purchase of personal estate securities.

It is seen from the statistics of the French savings banks that the largest number of books contain entries of not more than 200 frs. But most of the capital deposited by savings banks is derived from books in which more than 200 frs. are entered. The concentration of wealth as shown in the entries of large deposits in the bank books is above all observable in the case of the private savings banks. On December 31st., 1911, 55.65 % of the total number of books showed deposits for sums inferior to 200 fr., whilst in the books showing higher sums, the total amount was 3,690,719,222 frs. or 94.45 % of the deposits in the ordinary banks at the said date. In the books showing deposits of above 1,500 frs. but reduced to that amount by the purchase of stock on account of their having exceeded that sum, we find on December 31st., 1911 a total of 1,828,821,306 fr. or 46.79 % of the total deposits.

Let us now consider the various classes of depositors, according to sex and profession.

In the the ordinary banks, since 1894, the increase in the number of books belonging to women has been much greater than in those belonging to men. In 1911, the ordinary banks issued 255,690 books to men, and 272,446 to women. But this excess of women depositors over men is not observable in the total number of the books of December 31st., 1911 (see Table IV), because in the previous years fewer books had been issued to women than to men.

(1) Exception must be made with regard to the United Kingdom, Belgium and Holland, in which countries the average amount of savings per inhabitant is higher in the postal than in the ordinary banks. The explanation of this is that, either for historical reasons or because of the special organization of institutions for savings, savings bank books are few in proportion, and the deposits entered are small.

TABLE IV. — *Books of the Ordinary Banks on December 31st., 1911, according to the Sex of the Depositors and the Nature of the Societies or Associations.*

Sex of Depositors. Societies and Associations.	Number	%	Amount in francs.	%	Average per Book in francs
Men . . . . .	4,237,547	55.77	1,916,817,163.85	49.64	452.34
Women . . . . .	4,117,011	49.33	1,944,568,431.72	50.36	572.32
Total . . . . .	8,354,558	100 —	3,861,385,595.57	100 —	462.18
Depositors of both Sexes . . . . .	8,354,558	99.52	3,861,385,595.57	98.79	462.18
Societies and Associations . . . . .	37,136	0.48	47,473,778.62	1.21	1,278.37
Total and General Averages	8,391,694	100 —	3,908,859,374.19	100 —	465.80

This shows that though women hold fewer books, they have hitherto deposited a larger sum than that credited to men.

The postal banks have not classified the deposits according to the sex of the depositors, but have classified the books according to the sex of the holders. The figures correspond with those of the ordinary banks; during 1912, 10,848 books were issued to women against 8,604 to men, and on December 31st. of the same year there were 325,038 (or 55.29%) male depositors and 262,800 female (or 44.71 %).

The number of depositors in both the ordinary and postal banks are classified in the following table in respect to their trade or profession.

TABLE V. — *Depositors in French Savings Banks, according to Profession or Trade.*

	Ordinary Banks (1911)	Postal Banks (1912)
I. Heads of Agricultural and Industrial Enterprises . . . . .	46,888	30,943
II. Day Labourers and Agricultural Workmen . . . . .	51,639	53,080
III. Industrial Workmen . . . . .	63,435	107,421
IV. Servants . . . . .	39,737	65,856
V. Soldiers and Sailors . . . . .	5,868	24,903
VI. Civil Servants . . . . .	25,482	64,570
VII. Professional Persons . . . . .	7,229	26,090
VIII. Landowners, Persons of Independent Means and Persons without Profession . . . . .	84,381	94,673
IX. Minors without Profession . . . . .	203,507	119,520
X. Persons without Fixed Residence . . . . .	—	792

There are no statistics to show the amount of deposits made by each class. And it is impossible for us, as we should wish, to give the number of depositors belonging to the agricultural classes. Categories III, IV, V and IX include depositors certainly of these classes, even if temporarily resident in cities. In other categories (I, II and VIII,) depositors belonging to the agricultural classes (heads of agricultural enterprises, and landowners) are counted together with others who work in towns. In all these cases it is impossible to give the exact number of depositors belonging to the agricultural classes.

Besides the deposits of individuals, the statistics account for those made by societies, many of which are authorised to make deposits up to 15,000 fr. All the deposits, however, of societies and syndicates received in both the ordinary and postal banks form but a small proportion, being only about 1 % of the total amount of the deposits.

#### § 6. THE INVESTMENT OF THE CAPITAL OF THE SAVINGS BANKS.

We have already indicated the various modes in which the law of 1895 permits of the funds of savings banks, whether ordinary or postal, being invested. What are the investments actually made by the Deposit and Consignment Bank within the limits laid down by the law ?

On December 31st., 1912, the sums to the credit of depositors in the post office savings banks amounted to 1,745,563,726 fr. Of this amount, 40,571,671.41 fr. were in current account bearing interest at the Deposit Bank, the remainder being invested in Government stock and in railway bonds.

The property of the post office banks at the same date amounted to 74,658,662.72 fr. and was represented by a capital of 70,839,412.42 fr in Government stock, real estate to the amount of 1,804,214.88 fr. and capital invested in the building of post offices, amounting to 2,015,035.42 fr.

The following table shows the amount of the personal estate securities in which the deposits and the capital of the Post Office Savings Bank were invested on December 31st., 1912.

TABLE VI. — *Securities belonging to the National Savings Banks.*

Nature of stock	Situation on December 31st., 1912 (in francs)	%
Stock 3 % Unredeemable . . . . .	1,130,308,678.15	63.66
» » Redeemable . . . . .	269,094,412.89	15.15
Annam and Tonquin Loan . . . . .	1,468,033.24	0.08
Treasury Bonds Redeemable in 1923 . . . . .	104,216,000.00	5.87
» » » in 1936 . . . . .	247,451,078.40	13.93
» » » at Short Term . . . . .	18,000,000.00	1.01
Government Railway Bonds . . . . .	5,293,265.07	0.30
Total . . .	1,775,831,467.75	100.00

Somewhat different results are given by the table showing the distribution of the capital belonging to Private Savings Banks which is largely invested in real estate (28 %), and, to a much less degree than in the case of the postal banks, in Government securities.

TABLE VII. — *Employment of the Capital of Private Savings Banks on December 31st., 1911.*

Nature of Investment	Amount in francs	%
Stock (purchase price) . . . . .	27,302,735.12	13.71
Real Estate . . . . .	56,053,487.06	28.14
Government Stock, or Stock Guaranteed by Government . . . . .	4,093,001.67	2.06
Communal and Departmental Bonds etc. . . . .	8,492,696.04	4.26
Land Bonds . . . . .	993,643.02	0.50
Cheap Dwelling Houses . . . . .	6,187,950.82	3.11
Loans for Building Cheap Dwelling Houses . . . . .	4,429,682.01	2.22
Other Local Investments . . . . .	3,655,596.57	1.83
Current Account in the Deposit and Consignment Bank	87,989,496.88	44.17
Total . . . . .	199,198,289.19	100.00

From all this it appears that the Deposit and Consignment Bank has availed itself of the power granted by the law to invest deposits in other securities besides Government stock.

This system of investments has been criticised by many French economists who advocate the granting of liberty to every savings bank in regard to the choice of its investments ; a liberty which, within wider or narrower limits, exists in some foreign countries, as in Italy, Germany etc.

To the French system many inconveniences are attributed, political, economical and financial.

From a political point of view, it is clear that the savings banks constitute enormous accumulations of capital, whence the State may easily draw funds for public expenses, which, great as they are, may thus be readily increased.

From an economical point of view, it is complained that the Government in a sense drains away capital from all parts of the country, where savings are formed, in order to centralise it in the Deposit and Consignment Banks, and thus to keep it at its own disposal. This does great injury to small commerce, manufactures and agriculture. Eugène Rostand, ex-president of the Savings Bank of Marseilles, has for a long time carried on a vigorous propaganda and combated on various occasions in favour of the Savings Banks being granted liberty in regard to the investment

of their capital. In an eminently agricultural country like France, such liberty would doubtless give a new impulse to agricultural credit. The writings of Paul Leroy-Beaulieu on the subject of savings-banks are well known.

“ Throughout the whole country they ask the lower middle and labouring classes for their savings; the high rate of interest they offer, too high especially in France, prevents any local investment of the savings. The savings banks thus suck up these infinitely small savings from the whole country to convert them into Government stock, that is into idle capital. They thus, to a certain extent, render all the hamlets, villages, and small towns unproductive, taking all the germs of capital that may be produced and carrying them off to be swallowed up in the capital, to diminish the floating debt and the general liabilities of the Treasury. Imagine the atmosphere absorbing all the moisture produced everywhere and never returning it in fertilizing rain, and you will have a representation of the regime of the savings banks in France. ”

From a financial point of view, it is stated that the system of the investment of savings in Government stock affects the price of the public funds. In ordinary times the price of stock is raised above its real value, and when a crisis occurs its depreciation is the more serious because the banks are compelled to sell in order to satisfy their creditors.

But these ideas are not shared by all.

The State, certainly, obtains capital through the savings banks more easily and at a cheaper rate than by resorting to the market, and this facilitates the issue of Government bonds.

Is this a good or an evil? To this question there is no general and positive answer. The answer depends on the judgment passed on the public expenditure. And this depends on the persons judging it, the particular country and the special moment of its history. It must, however, be observed that the facility with which the State procures capital from the savings banks is no more to be deplored than is, in the field of private economy, the existence of credit banks supplying the producers with capital, although they also thus facilitate the dissipation of their patrimony by prodigals. In some countries, for instance England, the savings are used to pay off the public debt. In Russia the savings banks are Government institutions, and they have, contributed to promote rural credit through the Peasants' Land Bank and led to the solution of the problem of the means of communication, a matter of the utmost importance for the elevation of the standard of living in Russia. According to some, there is much exaggeration in laying upon the French system of investing savings the blame of giving a false value to Government stock, both in periods of prosperity and of depression. Are not the depositors in the savings banks a special class of capitalists who entrust their money to those institutions which give the surest guarantees? And is not Government stock one of the safest investments? Nor can it be maintained, many are of opinion, that such an investment is not in accordance with the opinions and wishes of depositors seeking an investment.



It is stated also that though in 1848 and 1870 the State was in serious difficulty and compelled to resort to exceptional measures to satisfy its creditors, yet for the future the so-called *saving clause*, contained in the law of 1881 will obviate any danger to the financial position of the State that might arise from the demands of creditors in times of political and economic crisis. And if the State be secure financially, so also are the depositors, who are sure of receiving the whole of their capital, although in exceptional times payment may be delayed. And in times like those of 1848 and 1870 in France, depositors would be exposed to the risk of loss or suspension of payment even if their savings were invested as in other countries, in mortgages, bonds or other investments.

Prof. Jean Lescure has recently replied to the severe criticisms of Leroy-Beaulieu and other partisans of economic liberty in regard to the economic damage resulting from the investments made by savings banks in France and in general from the concentration of capital in the hands of the State. He observes that the State does not impoverish the money market by investing savings in Government stock. One of two things must occur: either the funds of the savings banks will be invested in a Government loan or, as more frequently happens, the savings banks will purchase Government Bonds on the Exchange. In the former case, if the savings banks do not subscribe to the loan, private individuals will. These persons will then hold a sum equivalent to the amount of the subscription, and may invest it in commerce and manufactures. But in the case of the purchase of French stock on the Exchange by the savings banks, it may be said, according to Lescure, "that the available capital of the savings banks will pass into the hands of the bankers or capitalists from whom they have purchased the stock." This available capital must necessarily be invested in manufactures or in bank securities, otherwise it will remain unproductive. It will then not be withdrawn from commerce and manufactures, but will simply be converted into Government stock before being invested in commerce or manufactures.

It must not, however, be asserted, Lescure adds, that this obligation on the banks is without consequences. These are seen in the direction given to the savings. *The amount of savings remains the same, but its direction is changed.* In the proportion in which these savings would have been absorbed by local requirements it may be admitted that the obligation to invest savings in Government stock changes the direction of the savings. The seller of Government stock to the Deposit and Consignment Bank may in such a case invest the capital obtained, for example, in the purchase of foreign securities.

Now it must be observed that this possibility of the deviation of capital is the fundamental point in the question of the investments of the savings banks. Even without altering the system of French savings banks, it is clear that the State may in another way reconcile the interests of the Treasury with those of the national production.

The State, even more than any private organisation, may perform a work of great social and economic utility, by acting as intermediary between

the depositors who entrust their money to it at a moderate interest, because they place full confidence only in its banks (such as the post office banks), and the producers, the small agriculturists, who need money at a low rate and, sometimes, owing to the concentration of the banking business in a small number of the larger institutions, do not find credit banks adapted to their requirements.

It is just with a view to balancing the growing necessities of the public finances and those of production, that legislative and economic practice is following different methods in different countries, notwithstanding the different ways in which the savings banks are organised in them.

In Germany there are no Government savings banks (post office banks) and the ordinary banks have above all adhered to the principle of localisation of investments. As shown by statistics published in this *Bulletin* (1) 4,600,000,000 marks (that is 39.58%) were in 1910 invested in urban mortgages; 2,300,000,000 (19.87%) in rural mortgages, 2,700,000,000 (23.63%) in certificates to bearer; 399,000,000 marks (3.45%) in loans on bills of exchange, pledges, certificates of debts; 1,500,000,000 (13.47%) in loans to public institutions and in other investments. About 60% of the capital is thus invested in mortgage loans. Now, the Prussian law of December 23rd., 1912 obliges public savings banks to invest 15% or 20% or 25% of their deposits, according to the greater or less importance of the banks themselves, in bonds to bearer, which offer guarantee sufficient for the investment of minors' capital. Three fifths of the obligations must be represented by German Imperial or Prussian bonds.

This tendency to reconcile, by means of the distribution of investments, the interests of the State with local interests, and of public economy with private, has been pointed out by us in various articles concerning savings banks in different countries, as Prussia, Japan, the United States of America, Switzerland and Bulgaria. There is no need to dwell further on this subject.

(1) *Bulletin of Economic and Social Intelligence*. February, 1913. Mortgage Loans of the Prussian Savings Banks and their Influence on the Dismortgaging of Rural Landed Property.

## RUSSIA.

### I. LOANS GRANTED BY THE STATE BANK ON SECURITY OF GRAIN AND THE ESTABLISHMENT OF GRAIN ELEVATORS IN RUSSIA.

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#### § I. INTRODUCTION.

Russia produces a very considerable part of the grain in the world and takes the first place among European grain producing countries. In the period 1901-1910, the average yield of the principal cereals, expressed

in thousands of quintals, was as follows, compared with the corresponding figures for Europe and for the whole world: (1)

	Wheat	Rye	Barley	Oats
Russia in Europe . . . . .	149,500	205,554	77,114	122,672
» in Asia . . . . .	16,381	6,593	1,695	10,385
Total . . . . .	165,881	212,147	78,709	133,057
European Production . . . . .	459,480	383,477	194,257	345,944
World Production . . . . .	838,217	397,978	268,487	535,198

The great agricultural reform now taking place in Russia (2), as well as the active colonisation of immense areas in Siberia and the intensification of the methods of cultivation will lead to a further great increase of this production.

A very considerable part of the Russian crop has long been exported. In recent years the weight and value exported have been as follows :

*Quantity of Russian Grain Exported in the Years 1906-1911.*

Year	In Thousands of Pouds (1)				
	Wheat	Rye	Barley	Oats	Total (2)
1906 . . . . .	219,995	65,336	148,810	69,544	590,758
1907 . . . . .	141,674	45,164	132,665	21,137	470,382
1908 . . . . .	89,803	24,910	161,389	29,374	404,930
1909 . . . . .	314,469	35,499	219,202	74,663	761,939
1910 . . . . .	374,590	40,538	244,701	83,947	848,553
1911 . . . . .	240,486	53,873	262,200	85,059	821,057

(1) The Russian Poud = 16 kg. 38,

(2) Including other grains and various kinds of Meal.

(1) These figures are reproduced from the *Annuaire international de statistique agricole* (International Yearbook of Agricultural Statistics), published by the International Institute of Agriculture (Year 1910), Rome, 1912.

(2) See "General Outlines of the New Russian Land Reforms", in the *Bulletin of Economic and Social Intelligence*, November, 1913 and January, 1914.

*Value of Russian Grain Exported in the Years 1906-1911.*

Year	In Thousands of Roubles (1)				
	Wheat	Rye	Barley	Oats	Total (2)
1906 . . . . .	205,686	48,903	100,548	51,471	472,873
1907 . . . . .	155,756	44,827	111,363	22,678	431,192
1908 . . . . .	113,064	25,999	132,668	24,526	380,302
1909 . . . . .	384,336	34,130	165,906	61,763	750,094
1910 . . . . .	405,198	29,867	158,521	63,698	747,952
1911 . . . . .	258,730	42,556	211,443	73,197	735,171

(1) The rouble = 2.67 frs.

(2) Including other grains and various kinds of Meal.

In view of these figures, it is easy to understand that a good organization of the grain trade is of very great importance for the whole country. Unhappily, the state of things is very far from being really satisfactory. Up to recently it has been above all the dealers and brokers, far more than the farmers, who have profited by the good harvests. By artifice and even by unlawful means, they have forced the farmers, above all the small farmers, to sell their grain at a loss. The unhappy economic situation of the peasants made this possible, for they were obliged to sell immediately after the harvest, when the conditions of the market were unfavourable. Consider also the obstructions on the railways and the delays in export by sea, due to the speculators accumulating consignments of grain at certain seasons, and finally the too frequent adulteration on the part of unscrupulous dealers.

When the competition of Canadian and Argentine cereals made itself felt every day to a greater degree on the world's markets, the situation was more and more disadvantageous for the peasant.

Economists and statesmen had long given the matter consideration and the Government had long endeavoured to remedy so lamentable a condition of things by instructing the State Bank to grant loans on the security of grain. In 1910, it was further decided to establish an entire system of *elevators*, a measure of which we shall shortly speak.

## § 2. LOANS GRANTED BY THE STATE BANK ON SECURITY OF GRAIN.

The State Bank was already authorized by the regulations of 1860, to lend on the security of grain, but the formalities to be gone through by the borrowers, were so complicated that, practically, this form of credit could have no development.

It was only twenty years later, in 1885, that credit on the security of grain really came into use. The branches of the Bank were then authorized

to grant it on the following conditions : The borrowers were to deposit their security in the buildings specified by the Bank, which would keep the keys; the loans were granted by the ordinary Discount Commissions, which fixed their amount in accordance not only with the value of the security and the facility of realising it, but also with the confidence that the borrower inspired.

The rate of interest was not to exceed the ordinary rate of discount. The latter was still too much for the peasants to pay; so the development of the institution proceeded very slowly.

In 1893 the abundant harvest brought into prominence the question of the reorganization of credit on security of grain and the Minister of Finance took measures, which, at first provisional, became definite in the following year, after they had undergone certain modifications suggested by experience.

The formalities in connection with the loans were at first considerably simplified; the borrower was able himself to keep the grain given as security or deposit it with the various State functionaries or in the buildings of the "artelles", co-operative or other societies etc. The maximum amount of the loan was fixed, according to circumstances, at from 60 to 75 % of the value of the security. The loans had to be repaid in instalments within a maximum period of nine months, the interest varying from 4 ½ to 6 %. Not only threshed grain but even grain not threshed and other agricultural produce was accepted as security. The amount of the loans was paid by the local treasury offices, or even sent through the post.

The result of so liberal a reform was a considerable increase in the number of loans on the security of grain. From 1885 to 1892 the amount of these loans was only 19,600,000 roubles; for the year 1893 alone it was 29,600,000 roubles, increasing to 50,900,000 roubles in 1894 and to 62,300,000 roubles in 1895.

However, since 1896, the State Bank has thought fit to order its branches to exercise the greatest prudence in the grant of loans to farmers retaining possession of their security. On the other hand, the term for repayment was reduced to six months, with a possible extension of two months in certain special cases.

On account of these restrictions, the amount of the loans decreased : in 1896 to 37,500,000 roubles ; and in 1898 to 36,100,000 roubles.

The conditions for the loans on security of grain have scarcely varied since then, but, in recent years, the Government has made great efforts to develop the loan business through the medium of the zemstvos, co-operative credit societies, private credit institutions and railways, considerably reducing the rates for loans for them. Thus, in August, 1893, the rate was fixed at 6 % for direct borrowers and at 5 ½ % for intermediaries.

The State Bank being in the first place a central Bank of Issue, the decrease of its direct loans was exceedingly desirable.

Various other steps have been taken to diminish the cost of the custody of the security ; the borrowers have especially received considerable facil-

ities for depositing their securities with various functionaries or with the zemstvos; new agencies of the Bank have been opened; above all, elevators have been established, a subject to which we shall return to deal with it in detail.

Besides the loans granted on security of agricultural produce properly so called, the State Bank, after various attempts, in 1899 installed a service for agricultural credit on duplicates of railway way bills. These loans are exclusively reserved for persons regularly occupied in the grain trade. They are given in the form of a bill at six weeks' date at most and their amount may not exceed 80 % of the value of the security.

The following table shows the development of credit on security of grain in Russia. We shall see that after the depression of 1896-1899, already noted, these loans again began to increase, owing to the measures taken by the Government.

*Loans on Security of Agricultural Produce Granted by the State Bank between 1885 and 1911, in Millions of Roubles.*

Year	Loans on Security of Agricultural Produce Strictly so called			Loans Granted on Duplicates of Railway Waybills	Total
	By the Bank and its Branches	Through Credit Institutions, Zemstvos, etc.	Through the Railways		
1885-1892 . . . . .	19.4	—	—	0.2	19.6
1893 . . . . .	13.0	13.9	2.7	—	29.6
1894 . . . . .	34.6	8.2	8.1	—	50.9
1895 . . . . .	50.0	2.9	9.4	—	62.3
1896 . . . . .	28.1	3.7	6.8	—	38.6
1897 . . . . .	26.1	0.5	10.9	—	37.5
1898 . . . . .	22.6	0.5	13.0	—	36.1
1899 . . . . .	23.8	0.3	15.5	3.0	42.6
1900 . . . . .	28.4	0.9	20.0	20.5	69.8
1901 . . . . .	36.5	1.9	34.8	24.6	97.8
1902 . . . . .	35.8	2.4	27.3	21.3	86.8
1903 . . . . .	42.4	7.1	25.3	23.9	98.7
1904 . . . . .	45.7	4.2	22.9	32.7	105.5
1905 . . . . .	45.7	6.2	21.9	35.6	109.4
1906 . . . . .	47.3	8.8	16.1	34.0	106.2
1907 . . . . .	41.0	21.1	14.9	43.9	120.9
1908 . . . . .	49.2	11.8	13.0	44.2	118.2
1909 . . . . .	71.1	15.2	10.2	40.0	136.5
1910 . . . . .	104.3	39.7	7.3	59.1	210.4
1911 . . . . .	122.7	72.5	9.8	63.4	268.4

The amount of the loans on security of corn granted by the State Bank does not only show an absolute increase, but a more rapid increase than the other forms of credit allowed by the Bank. In 1908, it only formed 5.7 % of the amount of loan and discount business done by the Bank; the proportion increased to 6.9 % in 1909; 12.4 % in 1910 and 13 % in 1911.

The good results attained by the efforts of the Government to develop credit by means of intermediary institutions is seen clearly in the above figures. No commentary is necessary in regard to them.

We cannot give the details of all the business done by the intermediate institutions; at the most we can say a few words in regard to the operations of the most important, the railways and the popular credit institutions.

The credit operations conducted by the railways on the security of grain date from as far back as 1888, when the Government, in order to regulate the carriage of grain and save the farmers from a fatal dependence on local dealers, authorized the railways to grant loans on security of the grain carried, on their own responsibility and out of their own funds.

The loans increased in number considerably in the following years; in 1893 the State Bank came forward to assist with its credit; in 1894 an Imperial Order was issued for the special regulation of this form of credit.

Between 1895 and 1908 the railways were the principal intermediaries in the matter of these loans. They also established several elevators and storehouses for the agricultural produce pledged. In recent years, other intermediaries have somewhat modified the special position occupied by the railway as credit institutions. Unfortunately, we have no figures later than 1905, when the credit granted by the railways amounted to 56,988,000 roubles.

Since 1903, credit on the security of grain has been given by the credit co-operative societies, and, since 1906, by the loan and savings co-operative societies. These various institutions give credit in current account, but the lack of storehouses has considerably hampered their action. Nevertheless, on January 1st., 1913, 1,478 credit co-operative societies opened a credit on the security of grain of 18,850,000 roubles, of which 6,180,000 roubles were actually advanced. The corresponding amounts in the case of 166 loan and savings co-operative societies, in the same year, were 2,590,000 roubles and 1,009,700 roubles.

\* \* \*

The decree of 1894 was issued with the idea that the loans would be chiefly granted to producers; experience has not confirmed this expectation.

Let us first of all consider the credit directly granted by the State Bank. Since 1896, the loans to dealers have been the most important and it is only since 1909 that the percentage of loans to producers has increased somewhat, without doubt owing to the scheme for the foundation of a State Bank then prepared.



With regard to the loans granted by intermediaries, let us first mention that, from 1897 to 1899, the benefit of these loans was reserved for producers, but since 1900, the year in which the provision to that effect was suppressed, the loans to dealers have increased continually. We shall give more detailed statistics on the matter in the following table. Let us add that much is expected from the establishment of the co-operative or State Bank *elevators* in the direction of reducing the proportions in favour of the producers.

Finally, the credit granted through the medium of the railways has exclusively benefited the dealers. The producers only received 0.8 % in 1903; 0.5 % in 1904 and 0.3 % in 1905. The development of new forms of credit has not therefore liberated the peasants from their strict dependence on traders and speculators.

*Percentage of Loans Granted to the Various Groups of Borrowers.*

Years	By the State Bank and its Branches			Through the Medium of the Credit Institutions, Zemstvos etc.		
	To Rural Landholders	To Peasants	To Dealers	To Rural Landholders	To Peasants	To Dealers
1893 . . . . .	36.1	20.9	43.0	35.9	3.5	60.6
1894 . . . . .	15.3	31.0	53.7	17.1	28.0	54.9
1895 . . . . .	41.9	10.2	47.9	27.6	41.4	31.0
1896 . . . . .	27.9	3.1	69.2	5.4	10.8	83.8
1897 . . . . .	25.8	2.4	71.8	40.0	60.0	—
1898 . . . . .	22.9	1.9	75.2	60.0	40.0	—
1899 . . . . .	18.0	2.1	79.9	33.3	66.7	—
1900 . . . . .	13.4	1.4	85.2	33.3	22.2	44.5
1901 . . . . .	11.0	1.4	86.8	42.1	21.0	36.9
1902 . . . . .	14.1	1.3	84.6	12.5	12.5	75.0
1903 . . . . .	15.5	1.0	83.5	5.6	9.8	84.6
1904 . . . . .	16.5	1.1	82.4	9.5	14.3	76.2
1905 . . . . .	14.6	0.9	84.5	8.0	8.0	84.0
1906 . . . . .	9.8	0.9	89.3	3.4	1.1	95.5
1907 . . . . .	7.2	0.3	92.5	0.9	0.4	98.7
1908 . . . . .	9.4	0.4	90.2	1.7	0.9	97.4
1909 . . . . .	19.1	1.9	79.0	2.6	2.6	94.8
1910 . . . . .	18.3	1.9	79.8	—	—	—
1911 . . . . .	17.3	1.9	80.8	—	—	—

We give below a few figures showing what kinds of produce were accepted in security for loans by the State Bank and in what proportion:

*Agricultural Produce Accepted as Security by the State Bank  
(in thousands of Pounds) in 1907-1911.*

Kind of Produce	1907	1908	1909	1910	1911
Wheat . . . . .	22,590	25,331	50,577	95,318	131,664
Rye . . . . .	8,561	8,895	10,849	35,819	30,986
Oats . . . . .	5,143	5,202	14,151	21,475	43,043
Barley . . . . .	4,254	6,410	12,630	24,842	42,225
Maize . . . . .	1,535	943	933	1,777	6,950
Oleaginous Grains . . . . .	6,147	5,078	4,869	7,207	15,573
Flour . . . . .	1,974	4,580	5,146	9,596	28,055
Potatoes . . . . .	8,826	9,992	20,429	41,142	31,304
Buckwheat . . . . .	—	—	—	—	2,970
Pease . . . . .	—	—	—	—	3,741
Millet . . . . .	—	—	—	—	2,885
Cotton . . . . .	188	263	181	148	2,562
Flax . . . . .	—	—	—	—	1,726
Tobacco . . . . .	219	202	166	234	392
Wines (Thousands of Vedros) (1)	—	—	—	—	384
Spirits of Wine (Thousands of Vedros) . . . . .	—	—	—	—	781
Timber for Building Purposes (in thousands of Beams or Planks).	—	—	—	—	5,345

(1) 1 Vedro = 12, 29894 litres.

In the three years 1909, 1910, 1911, about 6 % of the total production of the four chief kinds of cereals was given to the State Bank in security for loans. In his Budget speech for 1913, the Minister of Finance did not fail to observe that the moral importance of this fact far exceeds its material importance, for the possibility of the producers obtaining such loans, in itself suffices to assure them of more remunerative conditions of sale.

### § 3. STATE BANK "ELEVATORS."

The establishment of elevators was first spoken of in the middle of the last century but the proposal was not followed up. Later on, in 1883, the Government charged a Commission to determine the measures to be taken in connection with the fall in price of corn, and this Commission pronounced itself in favour of storehouses of this kind. It saw in them a means of bringing the producers into more direct relation with the market and re-

ducing the cost of transport. Elevators were to be established in the principal centres of production not for purposes of gain, but in the first place to serve the interests of the grain farmers.

These proposals were approved by the Pan-Russian Assembly of Commerce and Industry at Nijni-Novgorod in 1896, and by a Government Commission in 1899; unfortunately, the war with Japan and the serious internal disorders following it delayed their being acted on.

In 1909 and 1910 the abundant harvests again brought the problem of credit on security of grain into special prominence. The lack of storehouses was in fact one of the most serious obstacles to the extension of this mode of credit, which the elevators established by the railway department or by private initiative only met in a very insufficient degree. Thus, in November, 1910, the Government resolved on the establishment of a system of State elevators, including 178 of them.

The State Bank entrusted with the carrying out of the programme began by deciding on the construction before 1916 of 84 elevators of a total capacity of 58,800,000 pouds. An amount of roubles was deducted from the profits of the Bank and set apart for this construction.

The General Management of the business of the elevators is under the chief supervision of the Department of Finance and entrusted to an Elevators' Committee and the Board of the Bank. The Committee, consisting of the President and some high officials of the Bank, with whom are associated experts and, in some special cases, various other persons, prepares the estimates, establishes the rate of loans, examines the local provisions for the classification of grain and decides several other matters; however, the final decision on most points is reserved to the Board of the Bank.

The regions of production have been divided into districts in which the technical management is entrusted to a *Local Committee* composed of the President and the Inspector of the Branch Bank, *Grain Inspectors* (officials for the examination and classification of grain) and, when certain special matters are dealt with, some other persons.

The *Local Committee*, with which are associated the representatives of the zemstvos, the municipalities, the commercial exchanges and agricultural organizations, forms the *Advisory Commission* of the district. This Commission, which is intended for an office of public supervision of elevators, gives its opinion year by year on the rate for the loans, the methods to be followed in classifying the grain and the degree of humidity or impurity that may be tolerated. It fixes the normal type of the grain in accordance with samples obtained from the local markets and examines complaints in regard to the classification made by the *grain inspectors*.

In charge of each elevator there is a superintendent assisted by *grain inspectors*.

Not less than 25 pouds may be stored, nor less than 1,000 pouds, or about a railway truck load, if the grain is to be kept separate. The depositor may demand that his grain be cleaned.

On the warrant delivered by the elevator there is indicated the quantity stored, its quality, colour, the degree of humidity and impurity and the place of production. These warrants facilitate credit in a remarkable degree, by means of the precise indications contained in them, and the Bank does not hesitate to lend up to 80 % of the value of the grain deposited in an elevator. Let us add that the warrant helps to increase the number of sales by correspondence or even by telegram, which greatly contributes to the uniformity of rates throughout the country.

A commencement has been made with the provision of elevators for the Governments of the South East, which are the most important grain producing districts in Russia. In the beginning of 1913, the four following elevators began work.

Elevator of Grasiĵ	Government of Tambov	1,700,000 pounds
» » Abdoulino	» » Samara	700,000 »
» » Valuki	» » »	500,000 »
» » Tol kai	» » Voronezh	300,000 »

The cost of construction of these elevators was respectively 926,600, 463,000, 293,400 and 229,400 roubles.

According to the *Torgovo Promyĵlennaia Gaseta* (No. 178, of August 4th./17th., 1913), the 8 following elevators were to have been opened at the beginning of this year.

		Capacity
Elevator of Liski	Government of Voronezh	500,000 pounds
» » Talovaja	» » »	500,000 »
» » Millerovo	Territory of the Don Covaĵks	600,000 »
» » Neprik	Government of Samara	300,000 »
» » Sorotĵinskaja	» » »	700,000 »
» » Bogatoe	» » »	300,000 »
» » Ekaterinovka	» » Saratov	500,000 »
» » Torbjeevo	» » Tambov	500,000 »

The Grasiĵ elevator may be mentioned as a model of its kind. It is of quite special importance, as 30,000,000 pounds of cereals pass through the station of Grasiĵ annually. It is built on the American system in reinforced concrete and wood, and contains 190 silos. The grain is emptied automatically from the trucks into receptacles whence, automatic lifts raise it to the higher storeys, where it is cleaned and classified. It then falls back, of its own weight, to the lower storeys, where it is weighed and stored. As the working day has ten hours, the Grasiĵ elevator can unload 160 trucks of 1,000 pounds each per day.

## 2. PUBLICATIONS OF RECENT DATE RELATING TO CREDIT IN RUSSIA.

CHASLES (Pierre) Uue Banque d'Etat pour le crédit local en Russie (*A State Bank for Local Credit in Russia*). Extract from the Revue de Science et de Législation Financières. No. 1. Jan.-Feb.-March, Paris, 1913.

WORK OF THE LAND BANK OF THE NOBLES IN 1912 (In Russian). In the "Viestnik Finansov, Promychnosti i Torgovli". December 2nd., 1913. St. Petersburg.

WORK OF THE LONG TERM CREDIT INSTITUTIONS IN THE EARLY PART OF THE YEAR 1913 (In Russian). In the "Viestnik Finansov, Promychnosti i Torgovli". December 14th., 1913. St. Petersburg.

WORK OF THE RUSSIAN GOVERNMENT PAWN ESTABLISHMENTS, Special Bureau of the Credit Department. (In Russian). St. Petersburg, 1913.

NIKOLSKY (A. B.): Improvement Credit and its Requirements (In Russian). In the "Viestnik Finansov, Promychnosti i Torgovli". December 7th., and 14th., 1913, St. Petersburg.

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## Part IV: Miscellaneous

### ALGERIA.

#### ORGANIZATION OF AN AGRICULTURAL STUDY AND EXPERIMENT SERVICE.

##### OFFICIAL SOURCE.

GOVERNMENT GENERAL OF ALGERIA. DEPARTMENT OF AGRICULTURE, COMMERCE AND COLONISATION: Organisation d'un Service d'Etudes, de Recherches, d'Experimentation et de Vulgarisation agricoles en Algérie (*Organization of a Service of Agricultural Study Research, Experiment and Publication in Algeria*).

In regions where even the tradition of agriculture has been lost, it is not enough to facilitate the acquisition of land for the colonists and to ensure them the tranquillity necessary for their labours; it is necessary also to guide them in their efforts, or at least to obtain for them the precise and certain information only the State can obtain, with the least delay, by means of research, studies and experiments methodically conducted in the whole country by qualified technical persons.

It must be the care of the Government to provide the colonist with information as exact as can be attained, humanly speaking, with regard to the conditions under which agriculture can be carried on, so as to permit of its adaptation to them as far as possible. The more perfect this adaptation, the more nature will assist their individual efforts, and the more abundant will be the harvest and the greater the profits.

It is necessary to know what animals, what plants, what agricultural methods are to be recommended. This is a work of research and experiment that cannot be left to the scattered efforts of the colonists; that would be to expose them to serious risks and endless possibilities of demoralising defeat.

Sometimes, success under these conditions may have its drawbacks ; the success obtained in certain crops by a man of experience or one specially favoured by chance in his empirical investigations, may lead, in an environment where the struggle is hard and doubtful, to an irresistible enthusiasm and an extravagant infatuation for this crop. It extends at once rapidly, often even at the expense of other crops it would be possible to grow at a profit. The country is then exposed to all the risks due to the cultivation of a single crop which may disturb its financial and economic balance.

These considerations have led the Government of Algeria to bestow on the colony an information service and to organize a centre of agricultural study, research and experiment. For this purpose, it proposes the creation of separate technical departments as so many instruments suited for special work, in order to apply them respectively to each branch of the problem which may thus be solved in all its parts.

There will be four groups of these departments :

1st. The meteorological group will consist of a meteorological department to study the relation of the meteorological phenomena to agriculture, a matter of great importance in a country where the crop depends chiefly on the rainfall ;

2nd. The soils group, which will consist of a geological department, occupied with the physical formation of the soil and the search for underground water and an agronomical department concerning itself with everything relating to the preparation of the soil and the implements required for the purpose.

3rd. The plants group, which will include a botanical department for discovery, collection and study of all the varieties of plants that may be of importance for Algeria, a phytopathological department to deal with the subject of cryptogamic diseases of cultivated plants and an entomological department for the search for means for the destruction of noxious insects and the utilisation of useful insects.

4th. The animals group, which will include a livestock improvement department to study the manifold matters connected with the improvement and development of animal production, a Pasteur Institute for the study of infectious cattle diseases and the means of combating them, and a technical sea fisheries and agricultural department to seek out means for the proper exploitation of the Algerian coast.

Experimental farms will be founded in various parts of the colony to study the means for utilizing for practical Algerian farming and thus placing at the disposal of the colonists, either the discoveries made in the laboratories of these technical departments or the results already obtained, in other countries. The Department of Agriculture is already providing for the establishment of such experimental farms at Sidi-bel-Abbès, Sétif, Ser-su and Batna for extensive cultivation and for cattle foods, at Orléansville for the cultivation of olives and in Kabylia for that of the fig and olive tree.

Side by side with the technical departments, there will be one for economic and social institutions, which will have an important part to play. It will study everything relating to the organization of short term mutual credit,



which has already made progress in the Colony, and that of long term mutual credit, shortly to be introduced. It will occupy itself with technical questions relating to the work of syndicates, agricultural *comices* and co-operative nursery gardens. It may even serve to advise the Government in all matters in connection with the organization of cheap dwelling house societies which have already made good progress in the Colony. On the other hand, as mutual institutions have no chance of developing except on soil specially selected or at least prepared for them, it will be the part of this department to make known to the populations, both native and European, the possibilities of co-operation and to open their minds to the advantages of mutuality. Finally, it must collect, in conjunction with the Algerian Office at Paris, with which it must be in constant contact, all information that may be of interest to the farmer with regard to national and foreign production, the needs of the markets, the organization of sales and the search for the most profitable markets.

The Department of Agriculture will start all these departments and arrange for the co-ordination of their work. To keep in regular contact with the farmers whom it is intended to help, it asks for the assistance of a Superior Board of Agriculture on which both the heads of Government departments, for which agricultural questions have an interest and the representatives of the farmers of all the regions of Algeria should have seats. This Board should meet regularly, the technical departments should send it a report of their years' work and it should give its opinion as to the work to be undertaken in the following year.

Such is the programme of the Agricultural Department in regard to agricultural experiments in Algeria. When this organization is realised, it will be a remarkable implement by the use of which the colony may hope to make rapid progress.

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## BELGIUM.

### I. THE "MODERN VILLAGE" AT THE GHENT UNIVERSAL EXHIBITION.

#### SOURCE.

LE VILLAGE MODERNE A L'EXPOSITION UNIVERSELLE ET INTERNATIONALE DE GAND 1913. Evolution agricole - Esthétique rurale - Fermes - Edifices - Pavillons - Jardins - La famille rurale - Bibliographie - Notes, comptes rendus, vues et plans (*The Modern Village at the Ghent Universal Exhibition, 1913 - Agricultural Progress - Rural Esthetics - Farms - Buildings - Pavilions - Gardens - The Farmer's - Family . Bibliography - Notes, Reports, Views and Plans*), Edited by the Committee of Studies for the "Modern Village", under the direction of M. PAUL DE VUYST, General Manager at the Department of Agriculture and Public Works, with Preface by M. EMILE TIBBAUT, Member of the Chamber of Representatives and President of the Superior Board of Agriculture, Brussels. Goemaere, Printer to the King, 1913.

In connection with the Tenth International Congress of Agriculture, which was held at Ghent from the 8th. to the 13th. of last June, in which the most important problems now under consideration in the world of science and agricultural economy were dealt with (1), as we know, there was also a "Universal Exhibition", which, as very many States took part in it, contributing rich exhibits of their industrial and agricultural produce, was equally interesting and instructive. But perhaps the most original and suggestive part of it, which will leave an indelible impression on the minds of the visitors, as it was especially capable of arousing ideas, and favouring studies and enterprise among those who have the destinies of agriculture at heart, was the "Modern Village". What is to be understood by this? What was its origin and the intention in the mind of its organizers? We shall briefly explain. A special publication, issued in illustration and to record the happy innovation, by M. de Vuyst, with whom the idea originated, gives us an opportunity.

#### 3 I. THE "MODERN VILLAGE" AND ITS OBJECT.

The depopulation of the country districts is recognised to-day as one of the most serious problems of agricultural economics. The phenomenon is more or less apparent in almost every country of Europe as well as in

(1) See *Bulletin of Economic and Social Intelligence*, December, 1913. pp. 93 et seqq.

Belgium, and everywhere it is arousing serious anxiety and is the subject of Government studies, enquiries and provisions.

Much has been written about its causes, which are certainly complex, but one of the chief seems to be the want, as a rule, in the country, of the conditions necessary for life, whether material or moral. And, indeed, the want of houses, the bad state of the roads, the scarcity of water, the deficient state of the public services, especially as regards sanitation, the difficulties in the way of communication with inhabited centres etc., are all facts that certainly do not render country life agreeable and that, together with strictly economic causes, often occasion the exodus of agricultural labourers. These, who form the most numerous agricultural class, find in the cities not merely higher wages, but better organized assistance and altogether a more comfortable and happier life.

"It is not enough", writes M. Tibbaut, whose knowledge of the subject of rural exodus is well known, in the preface to the volume mentioned above, "to improve the systems of cultivation and livestock improvement, but we must also give the farmer a possibility of a life better adapted to the requirements of human dignity and such as may raise his profession in the eyes of the public and in his own."

The rural exodus, continues our author, which is assuming such disquieting proportions, is not exclusively due to the attraction of the high wages paid by industry, but also to the fascination of the cities with their frequent deceptions. To improve rural life by means of more diligent attention to the house, sanitation, modern comforts and even good taste, will be to elevate the farmer and confer a greater power of resistance on the country which forms the great storehouse of human energy.

The rural house is, without doubt, of capital importance for agriculture and it is for the housewives to see to its furnishing, to give it a pleasant appearance and make it an agreeable dwelling place.

But the task of the housewives — observes M. Tibbaut — has been often ignored and it is M. de Vuyst's merit to have brought it into relief.

When, he writes, the housewife is suitably equipped for her economic mission, in the family and in society; when, with her instinct for cleanliness and good taste, she knows how to make the dwelling attractive; when she puts in practice elementary ideas of domestic economy and good nourishment, so as to ensure the men the restoration of their strength and the necessary repose; when she is fitted to supervise the cultivation of the kitchen garden, to manage the dairy, and to superintend the field labour; when she radiates round her wifely and motherly affection, drawing hearts to her and gladdening them, and protecting others against outside dangers and disappointments; when, finally, she is equal to her task, the housewife brightens the farmers' life, enhances its dignity, increases his power of production, and makes herself a lifegiving centre for many farming households, endowed with strength and courage, without which a country, can make no progress.

In accordance with the above idea, M. De Vuyst, with the support of the Government and the assistance of a select group of persons, to whom Belgian agriculture owes much, amongst whom we shall mention, in addition

to M. Tibbaut, MM. Maenhaut and Mélotte, profited by the opportunity given by the Exhibition to realise an idea of his: namely that of the construction of a model village, with many farms of every size, and good roads lined with trees, and all the necessary buildings for public and private life, suitably arranged and furnished both externally and internally, affording a typical example of the way in which modern villages should be laid out.

The undertaking was not easy; indeed, in order to arrange the thousand articles required by the farmer in his work, and in his family and social life, in a practical and interesting manner, a group of suitable buildings was necessary, providing in themselves a precious lesson both in the best arrangement of the village, and in rural esthetics and comfort.

The organization of the village was, however, presided over by a special committee of studies which carried out the plan in its most minute details. The village was thus constructed on an area of 35,000 square metres and included the following groups of buildings:

1. *The Model Farms.* — These formed the principal and most characteristic part of the village; there were three of them that deserve mention: first of all, the large *Committee Farm*, of great size, comfortable, well ventilated and lighted, built according to the instructions of M. de Vuyst, and meant to give the public an idea of how to arrange the various farm buildings so as to allow of the greatest economy in regard to labour and the greatest facility in supervising the work. The buildings, united in one immense construction, consisted of a great central corridor, with, on the right, the stables, cowhouses, pigstye and poultry yard, and, on the left, the dwelling house, storehouses, hayloft and barns. In the dwelling house there was an office, necessary for the large correspondence and the bookkeeping, a dining room, bed rooms, a large kitchen, a laundry, cellars, dairy etc. The provincial committees of the Farmwomen's Clubs of East Flanders, Hainaut and Namur had provided part of the furniture of the house, which was also well supplied with electric machinery for the various kinds of farm work.

For comparison with this large farm, there was another of medium size, on the Flemish model, called the *Ferme Moreels*, covering about 15 ha. and fitted up by the domestic economy school, in accordance with the rules of their art. It was built in such a way as to allow the farmer to sublet part of the house in summer, in case his own family were not too large. It had an entrance hall, a kitchen whence the mistress could supervise the hands at work in the cow houses, the dairy etc., an office, a dining room, bed rooms etc. The dairy was supplied with all the necessary equipment for treating the milk, on the most improved system.

Opposite this edifice was a moveable structure intended for an itinerant school of domestic economy.

And of course there was also a model of a small farm, of simpler style and fewer rooms, but all furnished with elegance and taste.

A detailed examination of the buildings and their contents was a source of agreeable surprises and provided valuable information and instruction. Thus, on the model farm there could not only be seen perfect buildings, but also the farm family itself, in the bright and clean dwelling, where none

of the most modern appliances was wanting, as well as the cattle in their stalls and machinery of every kind moved by electricity, every thing in its proper place.

2. *The Buildings and Public Services of the Village.* — There was a second important group of buildings of which it suffices to mention: the Church the town hall, the rooms of which were utilised for the exhibitions of the General Management of Agriculture, the Rural Office and the Management of Horticulture; the schools, the farmers' library, the post, telegraph and telephone office, offices for the regulation of buildings, for the railways, sanitation, electric light, fire brigade etc.

Thus all the public services necessary for a modern village were taken into account.

3. *Various Buildings.* — Amongst these, in addition to the mayor's house, the village inn etc., especially noticeable were the houses of the horticulturist, the gardener, the beekeeper and above all the *Melotte Dairy*. This latter was equipped in quite modern style.

The interest excited by it is easily understood when we reflect that dairying is quite the most important and most ancient of the Belgian rural domestic industries. Today, as we learn from the publication under consideration, more than half the total cultivated area is planted with cattle foods. The number of cows also is increasing.

The trade in milk and dairy produce is considerable: these articles are generally sold for cash, thus causing a rapid and lucrative circulation of money.

Farmers in the neighbourhood of inhabited centres make a considerable profit from the sale of milk as such. In some districts it is also used for feeding and fattening calves.

The manufacture of cheese is not very widespread in Belgium. Most of the milk is utilised instead for making butter.

According to recent statistics, there are about 1,000,000 dairy cows in the country; and if we take 3,000 litres as the annual yield of a cow, the 3,000,000,000 litres thus obtained are utilised in the following proportions:

for Cheese Making . . . . .	litres	50,000,000
“ Rearing Calves . . . . .	“	124,000,000
“ Fattening Calves . . . . .	“	120,000,000
Human Consumption . . . . .	“	540,000,000
“ Butter Making . . . . .	“	2,166,000,000
		<hr/>
Total . . . . .	litres	3,000,000,000

As the quantity of butter is not sufficient for the consumption, an annual amount, of 51,000,000 kg. is imported. About 2,000,000 kg. are exported.

In Belgium the butter is generally made on the farm, which is supplied for the purpose with a cream separator and the necessary implements.

Some is, however, made in the co-operative and industrial dairies, of which there are about 600, and which may be classified under the two following heads :

(a) the central dairy, collecting the previous evening's and the morning's milk from the different farms, and separating the cream in a special chamber for the manufacture of the butter, after which the separated milk is returned to the respective owners.

(b) the regional dairy, a form exclusively adopted in the province of Luxembourg, with local divisions for the work of separation, and a central dairy.

Each division has a chamber for the separation of the cream, provided with the necessary apparatus for weighing the milk, sampling etc.

Three times a day the farmers of the division bring their milk, immediately after the milking. The cream is separated, and the milk taken back by the owners themselves.

The central dairy not only undertakes the making but also the sale of the butter.

The Melotte dairy exhibited represented an intermediate type between the above regional dairy and the private farm. Substantially, it gets rid of the local separating divisions, and keeps the necessary apparatus for each operation on the different farms. Its motor car fetches the cream from these and brings it to the central dairy.

The group of *agricultural labourers' houses* at the Exhibition was also interesting and suggestive.

One of these was exhibited by the limited liability society, "Eigen Heerd is good Weerd" of Ghent for the provision of cheap credit to labourers for house purchase. It was surrounded by 500 square metres of garden land arranged and exhibited by the *Ligue du Coin de terre et du Foyer insaisissable*, of which the Minister of State, M. Auguste Beernaert, the great Belgian philanthropist and sociologist, is President. The work of the society is modest and certainly it does not claim to remedy all the evils in the world; but it is good and salutary and is associated with those principles of Christian solidarity and moral regeneration which will, to a continually greater extent, govern the future. It is well, therefore, that the labourer should love the land, to which his life belongs and where human labour is associated with the eternal creative force.

The object of the *Belgian Homestead League* is precisely to provide the labourer with a house and garden, an important matter in Belgium, which, while small in area, is extremely populous and well supplied with the means of production, and to make it easy for the thrifty workman to become proprietor of the house he inhabits.

Belgium, as we know, is the country in which the consumption of chemical manure is greatest in proportion to the area. There small farms are extremely common and the comfort derived from the advanced state of agriculture very widespread, which makes one think of the truth of another

of the maxims affixed to one of the many buildings of the interesting agricultural exhibition: "It is not only corn the ploughed land produces, but an entire civilization."

## § 2. THE NATIONAL COMMISSION FOR THE IMPROVEMENT OF AGRICULTURAL LIFE.

The Organizing Committee of the Modern Village described above, wishing to leave a durable record of its work, decided, on the proposal of M. de Vuyst, on August 3rd., 1913, to appoint a Commission to carry on a continuous propaganda for the improvement of rural life.

It was to have a central office and provincial committees. The central office would be charged to study the proposals, to centralise the labour, to furnish the necessary information and to assist the various committees in their work. These latter would be entrusted with the improvement of the villages of their respective provinces, while, however, always preserving their original aspect and characteristics.

This Commission was, in fact, formed in accordance with the following programme: "of providing for the improvement of field life and the embellishment of the villages, in every way suggested by the circumstances and especially by means of studies, search for documents in relation to the matter, opinions and councils for those concerned, publications, shows, exhibitions and congresses."

In accordance with its rules, it was composed of effective and honorary members and may be divided into provincial sections. Its business is administered by a president, three vice presidents, a secretary and a treasurer. It derives the funds for its working from subsidies, gratuities and the voluntary contributions of its members.

Its Central Office, meeting on October 7th., 1913., decided to organize a large congress for the discussion of the more important problems in connection with the welfare of the country districts.

The subjects on the agenda, mentioned in the publication we are considering, constitute a large and interesting programme of work for the Commission itself. They are grouped in four divisions, that is: 1. General Matters: 2. Matters relating to the Public Services in the Country: 3. Embellishment of Villages: 4. General Improvement of Country Life.

Among the items included under the first head are: Importance and office of agriculture in the general economy of the country, Encouragements granted by the public authorities to agriculture, industry and commerce; Comparison between the advantages so granted in large and small centres; Utility of the societies for the building of agricultural labourers' houses, etc.

Among the subjects included under the second head are those relating to the railways, roads, posts, telegraphs and telephones, lighting, public health, benevolence etc.

The subjects coming under the third head relate to the problem of rural esthetics with regard to peasants' houses, public buildings, road making, gardens and villas, mode of dress etc.

Finally, the subjects coming under the fourth head relate to various matters, such as the food of the peasants, the way to reduce the number of labourers, small rural industries, elementary and professional education as a means of inspiring affection for the land, agricultural libraries, family life, the manner of promoting the progress of associations as well as the complex problem of the relations between labourers and masters.

In these subjects indeed we have a summary of the movement of ideas now evolving in the field of Belgian agricultural economy, which has found its most effectual and happiest expression in the "Modern Village."

## 2. PUBLICATIONS OF RECENT DATE RELATING TO AGRICULTURAL ECONOMY IN BELGIUM.

### (a) OFFICIAL PUBLICATIONS :

COMMISSION DE LA MISE EN VALEUR DES TERRES INCULTES (*Commission for the Cultivation of Waste Land*): Rapport Général (*General Report*). Department of Agriculture and Public Works. Rural Office. Reports and Communications. No. 6. Brussels, M. Weissenbruch, 1913.

BAREEL (M.): Propriétés particulières maintenues incultes. Taxe. Expropriation. (*Uncultivated Private Landed Property. Taxation. Expropriation*). In "Rapports et Communications", No. 6. Published by the Department of Agriculture and Public Works. Rural Office. Brussels, M. Weissenbruch, 1913.

CARON (L.): Encouragements à donner aux petits cultivateurs pour les engager à mettre des terres incultes en valeur. (*Encouragements to be Given to Small Farmers to Cultivate Waste Land*). In "Rapports et Communications", No. 6, published by the Department of Agriculture and Public Works. Rural Office. Brussels, M. Weissenbruch, 1913.

LONCHAY (G.): Defrichement des terres communales incultes (*Clearing of Communal Waste Land*). In the "Rapports et Communications", No. 6, published by the Department of Agriculture and Public Works. Rural Office. Brussels, M. Weissenbruch, 1913.

VERHAEGEN (P.): Encouragements à donner à l'initiative pour la mise en valeur des terres incultes (*Encouragements to be Given to Private Initiative for Cultivation of Waste Land*). In "Rapports et Communications", No. 6, published by the Department of Agriculture and Public Works. Rural Office. Brussels, M. Weissenbruch, 1913.

### (b) OTHER PUBLICATIONS :

BOUCHÉ (B.): Les ouvriers agricoles en Belgique (*Agricultural Labourers in Belgium*). Published by Misch and Thron. Brussels and Leipzig, 1913.



- DE VISSCHER (CH.) : Le contrat collectif de travail (*Collective Labour Contract*). La Revue Générale, January, 1914. No. 1. Brussels.
- LE VILLAGE MODERNE A L'EXPOSITION UNIVERSELLE ET INTERNATIONALE DE GAND, 1913. Notes, Comptes rendus, Vues et Plans. (*The Modern Village at the Universal and International Exhibition of Ghent, 1913. Notes, Reports, Views and Plans*). Published by the Studies Committee of the "Modern Village", under the direction of M. Paul de Vuyst, Inspector in chief in the Department of Agriculture and Public Works. Preface by M. Emile Tibbaut, Member of the Chamber of Representatives and President of the Superior Council of Agriculture. Goemaere, Printer to the King. Brussels, 1913.
- ETUDES SUR LA BELGIQUE (*Studies on Belgium*). Lectures delivered in the sixth International Commercial Expansion Course, organized at the Antwerp Superior Commercial Institute, from July 22nd. to August 10th., 1912, under the Auspices of the International Society for the Development of Commercial Education. Published by Misch and Thron. Brussels and Leipzig, 1913.
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## CHILE.

### THE LAND QUESTION AND COLONISATION IN CHILE.

#### OFFICIAL SOURCES :

- CENSO DE LA REPÚBLICA DE CHILE LEVANTADO EL 28 NOVIEMBRE DE 1907. (*Census Return of the Republic of Chile for November 28th., 1907*). Santiago de Chile, "Sociedad Imprenta y litografía Universo".
- ESTADÍSTICA AGRÍCOLA 1910-1911. Oficina Central de Estadística. Sección de Agricultura (*Agricultural Statistics. Central Office of Statistics. Agricultural Section*) Santiago de Chile, 1912, Tipografía, Litografía y Encuadernación. Barcelona.
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Chile is known almost exclusively as a mining country and above all as the great storehouse whence the world obtains its supply of nitrates. Little is known by the general world of its agriculture or of the forests which form a great part of its wealth. Its agricultural production has attained considerable importance, but is still capable of immense development, because there is a large area of soil as yet untilled as well as whole regions of virgin forest and unutilised pasture land. In this article, we propose to give an outline of the agricultural economy of Chile, and show the resources, the progress and the future of its agriculture, as we have already done in the case of other countries of Latin America; and, finally, to consider the Chilean land question, which is, in great part, only a problem of colonisation.

### § I. SOME GEOGRAPHICAL AND DEMOGRAPHIC DATA.

The form of its territory is quite peculiar to Chile, a long stretch of land (757,366 square kilometres) extending north and south along the shore of the Pacific Ocean, between the 17th. and the 56th. degree of South latitude, and bounded in its total length on the East by the Cordilleras of the Andes. Its width varies from 140 to 420 kilometres, its total length being 4,300 kilometres.

Southern Chile has several islands along its coast between the 41st. parallel of latitude and Cape Horn.

Owing to its special conformation, its length stretching through 39 degrees of latitude, Chile presents much variety of climate. Its northern part is tropical with tropical productions; its middle part is temperate and more adapted for agriculture, while the southern part has a cold climate and is particularly rich in forests. The greater part of the cultivated land lies between the Andes and the sea, more particularly in the middle region, which also has the largest population.

1. *Geographical Zones of Agriculture.* — We have spoken of three geographical zones into which Chile may be divided, and these correspond with three distinct zones of production.

(1) The *northern zone*, extending from the confines of Peru to Coquimbo (lat. 30°), is almost exclusively a mineral region. It yields in abundance many valuable products, such as guano, nitrates, borax, iodine, silver, copper, iron etc.

It is from here that Chili supplies the farmers of the whole world with nitrates, the production of which increases year by year, and the export duty on which furnishes a considerable part of the country's financial resources.

Here the climate is warm and dry all the year and rain seldom falls. In the interior the temperature is very high, but on the coast, owing to the cold Humboldt's current, it is moderate, ranging from a maximum of 30 to a minimum of 7°. The difference of temperature between day and night is very great.

As there is almost no rainfall, agriculture can only prosper in the vicinity of the few streams. Yet the fertility of the land is great, and where it is cultivated and irrigated its produce is of the best quality. Future success in this zone must depend on irrigation.

(2) The *middle zone* extends to the province of Concepción (lat. 37°). It has a temperate and very healthy climate. The maximum temperature is 35°, the minimum — 2°. The seasons are clearly marked. Rain falls only in winter, increasing in quantity towards the south, with a yearly average fall of 170 millimetres at Coquimbo, 500 mm. at Santiago, and 1,000 mm. at Concepción. We must observe, however, that some years are exceptionally dry, others equally rainy, and these average figures are therefore inapplicable to either.

This zone, although the soil contains copper, coal and iron, and it has many industries, is above all agricultural. The ground is very fertile, especially in the northern part, for the phosphoric acid and calcareous deposits of the soil gradually diminish towards the south. The largest returns are obtained from vines, fruit-trees, cereals, vegetables and cattle foods. Particularly prosperous is the valley lying between the Andes of the interior and the coast chain; a branch of the Andes following the coast line and gradually rising to the height of 1,000 and 2,500 metres.

(3) The *southern zone* comprises the remainder of the Chilean territory, that is from Concepción to Cape Horn; the climate is damp and cold. The maximum temperature is 20° and the minimum — 6°. Rains are abundant, and fall during eight or nine months of the year, so that at Valdivia (lat. 30° 49'S.) the average rainfall is 2.55 m; and it is 3 m. and more towards the Straits of Magellan.

This zone, with the exception of a part entirely unproductive, is nearly covered with woods and meadows, so that it lends itself chiefly to forest exploitation and sheep improvement.

But the subdivision of the country in this way must not be considered as absolute, for in the northern zone we may find cultivated tracts, in the middle zone, where these most abound, iron and copper are found, while in the southern zone there are beds of coal.

The tracts best suited for agriculture are found in the plains and slopes of the middle zone, and the more northern part of the southern.

The middle and southern zones are watered by numerous torrents from the Andes, which are utilised for purposes of irrigation. On account of their short course and the great changes in the level of their beds, they often overflow after abundant rains and cause inundations. The middle zone is the best irrigated, for here we find the rivers Maipo, Mapocho, Maule and Bio-Bio. The two last bring down respectively 10,000 and 16,000 feet of water per second; the Bio-Bio is navigable for small craft.

On the coast are numerous ports; the more important, from south to north, are Punta Arenas, Valparaiso, Talcahuano, Antofagasta and Iquique.

2. *Population.* — This is chiefly of European origin. The original race of Indians or Araucans, who are still in a backward state of civilisation, have become few, and will probably soon disappear altogether. According to the census of 1907, there were 101,000 of them all told, concentrated in a little tract in the south called Araucania.

The population of Chile has not increased very rapidly; in 1835 it amounted to 1,010,000; in 1910 it was calculated at 3,500,000 (1). The census of 1907 showed an increase of 1.52% as compared with the figures given by the last held in 1895. This increase was due almost entirely to births, for there is little immigration and it is even decreasing: (in 1908 there were 5,584 immigrants; in 1910, 2,543; in 1913, 622; in 1912, 1,599).

The distribution of the population is much influenced by the geographical and physical conditions; in the northern zone, warm and above all rich in mines, and in the southern zone, cold and pastoral, the density is very low (from 1 to 1.2 per square km.); in the middle zone, temperate and agricultural, the density is highest (from 35 to 55 per sq. km.) Here are found the most populous cities, Santiago (350,000 inhabitants), Valparaiso (175,000 inhabitants), Concepción (60,000 inhabitants).

There is a marked tendency towards concentration in cities; according to the census of 1885, the rural population was double the urban, while, according to the census of 1895 and that of 1907, the urban population was respectively 39% and 43% of the total.

The number of strangers, computed at 135,000, form only 4% of the population, and are chiefly Bolivians and Peruvians (in all about 50,000); Other nationalities most largely represented are Spanish, Italian, English and French. According to the census of 1895, the total number of foreigners was only 79,000.

The working population is calculated at 1,250,000 individuals thus divided:

(1) It is thought the figures given by the census fall short of the truth. In fact the population of Chili is calculated at 4,000,000 at least.

(1) Persons occupied in agriculture, peasants and agricultural labourers . . . . .		220,000
(2) Persons occupied in manufacturing and domestic industries :		
(a) On wages or engaged on piece work . . . . .	300,000	} 450,000
(b) Milliners and dressmakers . . . . .	130,000	
(c) Tradesmen, contractors, employees . . . . .	20,000	
(3) Persons occupied in mining industries . . . . .		40,000
(4) Persons occupied in commerce (proprietors, employees) . . . . .		140,000
(5) Members of liberal professions . . . . .		30,000
(6) Public officials :		
(a) Civil servants . . . . .	10,000	} 40,000
(b) Army, navy, police . . . . .	30,000	
(7) Domestic servants . . . . .		90,000
(8) Labourers without fixed occupation. . . . .		240,000
		1,250,000
Total . . . . .		

The movement of the population of late years has been as follows :

Year	Births	Marriages	Deaths	Excess of Births
1906 . . . . .	117,032	18,507	104,890	12,142
1907 . . . . .	126,104	21,286	96,534	29,570
1908 . . . . .	120,733	21,483	104,226	25,507
1909 . . . . .	129,333	19,637	104,707	24,626
1910 . . . . .	129,999	19,352	109,399	20,600
1912 . . . . .	135,255	21,298	107,887	27,368

Thus we see the birth-rate has risen. The death rate is kept up through infant mortality, which is highest among the working classes, owing to unsanitary conditions and the want of proper treatment.

## § 2. THE BASES OF THE NATIONAL ECONOMY.

The bases of the national economy are the *extractive industries, agriculture and manufactures*. The predominance of the first and the monopoly which the country enjoys in the production of nitrates give Chilean economy its special characteristics, which will be examined in the present article.

I. *Extractive industries*. — The profits of the extractive industries were valued in 1911 at 330,000,000 gold pesos (1). Nitrates figure for 269,000,000

(1) It must be observed that the monetary system in Chile is on a paper basis, with compulsory circulation; the value of the paper peso is subject to great fluctuations. The standard gold coin is the gold peso worth 18 pence (= 1.89 fr.) with an agio of about 80 % in paper. During the last few years the paper peso, of the same nominal value as the gold peso, has been quoted on an average at 1.05 fr.

In this article, peso, means the paper peso, except when the gold peso is specified.

gold pesos, and the other minerals, which in order of importance are copper, coal, iron, gold, etc., only at 61,000,000 pesos.

It is evident that the production of nitrates preponderates above all other extractive industries; but its importance in the Chilian economy will be better appreciated in relation to other facts.

The nitrous region, almost desert and distant from the centres of agricultural production, gives rise to an active internal traffic to supply its demand for food and other produce. This fact is of great importance as regards the price of agricultural produce and consequently of the revenue from land. In 1910 articles of food brought into the ports by the coasting trade were valued at 206,400,000 gold pesos; of this sum about 99,700,000 gold pesos, i. e. 49% was value of goods for the nitrous zone, which covers an area of scarcely 73,958 square miles and has only 223,000 inhabitants, or 7.3% of the population.

It must be observed that the nitrate industry is one of the chief sources of the wealth of the State to which it contributes in the form of export duties about 40% of the whole revenue. In 1912 the State received from this source 185,037,724 gold pesos.

The produce of the extractive industry is almost all exported, constituting about  $\frac{5}{6}$  of the whole value of the exports.

2. *Agriculture.* — Second in importance comes agriculture, though in reality less lucrative than manufacturing industry. But under the latter head come all trades connected with agriculture, livestock improvement, utilisation of timber, etc. Agriculture, with the industries connected with it, furnishes the greatest part of the food supply and occupies the largest number of people; the home trade is chiefly in its produce and it absorbs the largest proportion of the capital invested in the country (57%).

3. *Manufacturing Industry.* — This is chiefly directed towards the production of food, by the treatment of the produce of agriculture, as shown in the following table for the year 1909.

Industrial Treatment of	Capital Invested	Raw Material	Yield	Number of Workmen Employed
	In millions of gold pesos			
Vegetable Produce . . . . .	115	98	160	29,350
Animal " . . . . .	40	32	56	14,750
Mineral " . . . . .	34	12	33	11,800
Other " . . . . .	33	25	51	19,900
Total . . . . .	222	167	300	75,800

Among industries connected with the preparation of vegetable produce must be noted the making of flour and bread, sugar refining (1), the very flourishing breweries, the making of macaroni and of jams, and the utilisation of timber especially for furniture making.

Among industries connected with animal produce, the first place is taken by tanning and the making of soles and of shoes; then come the preserving of meat, refining of fats, and soap-making. Other industries which must not be forgotten are weaving, the manufacture of paper, glass, etc.

According to a recent report of the Consul General of Chile in Italy, the factories now working are 5,722 in number, with a motor force of H. P. 61,046, distributed among 2,945 motors; the capital employed is 472,000,000 fr.; the raw material imported was calculated in 1912 at 106,000,000 fr., the raw material of the country itself was 105,000,000 fr. and the annual production of the factories was 536,000,000 fr.

### § 3. AGRICULTURAL PRODUCE.

In Chile agriculture has followed a different course to that it has taken in other new countries with temperate climates. Fifty years ago, Chile supplied the Argentine Republic, Australia, California and Peru with grain and flour, but now it takes a subordinate place, as an exporter of these articles.

The exportation of wheat, which in 1845 was 4,000 tons, rose in 1887 to 124,000 tons, but fell in 1890 to 28,927 tons, and in 1911 to 13,841 tons. The export of flour also diminished from 129,000 tons in 1887 to 32,000 in 1890 and even to 5,150 in 1911.

This is due to the radical change in the system of colonisation and of the agricultural development of large and fertile countries like Argentina, the United States, Canada and Australia, which offer more favourable conditions for production.

Chilian agriculture has therefore been obliged to concentrate itself on the home market, but the wide field which this offers has enabled agriculture to develop in spite of reduced exportation.

And in fact production has continued to increase, owing to the increased capacity of the home market since the annexation of the nitrous zone in the provinces of Tacna and Arica conquered from Peru in 1884.

As there are no statistics for earlier years, we can only give the estimates of private authorities, according to which the wheat growing area was in 1870, 1880 and 1885, respectively, 270,980 ha., 297,127 ha. and 292,979 ha. According to official statistics, the area devoted to wheat is now about 418,000 hectares (2).

(1) The sugar is imported raw from Peru.

(2) From unofficial returns it appears that the grain growing area is about one million hectares.



There are no precise data regarding the land devoted to agriculture; according to some authorities, it is from 13,000,000 to 15,000,000 hectares (1); according to others the agricultural area is 38,000,000 hectares (2). The forests occupy, some think, about 9,000,000 hectares; according to others, they extend over fully 18,000,000 hectares.

The cultivated area, according to data recently supplied to us, does not on an average, exceed 1,100,000 ha. The following table shows the distribution of the land according to the various crops, and the corresponding yield, in the two years 1907-8 and 1911-12, together with the average for the five years (3):

Crop	1907-1908		1911-1912		5 years 1909-1912 (averages)	
	Area Cultivated	Yield	Area Cultivated	Yield	Area Cultivated	Yield
Wheat . . . . .	462,470	5,162,035	448,870	6,150,231	417,766	5,294,917
Barley . . . . .	55,576	816,604	41,878	707,862	43,559	782,712
Oats . . . . .	36,285	—	27,972	—	27,071	—
Maize . . . . .	25,526	341,310	22,766	387,774	22,570	337,696
Beans and peas . . . . .	52,077	531,463	45,742	581,218	43,877	586,777
Vetches, lentils, tobacco, etc. . . . .	7,899	* 34,804	3,632	* 16,649	5,895	* 22,705
Potatoes . . . . .	31,200	2,194,414	26,672	2,627,951	27,454	2,145,947
Alfalfa . . . . .	140,500	—	—	—	168,302	—
Clover . . . . .	210,211	—	—	—	268,459	—
Fruit trees . . . . .	22,389	44,925	10,471	65,823	16,310	52,060
Vines . . . . .	59,066	1,905,209	56,781	1,982,013	58,639	1,877,292

\* The figures with asterisks refer only to vetches and lentils; those for the cultivated area include also the area under tobacco, hemp and flax.

In calculating the total area of agricultural land, account must be taken of fallow land and natural grass land, which, on account of the extensive character of Chilean agriculture, occupy a vast area. On this point also accurate statistics are wanting; some authors calculate the total area of agricultural land at 6,000,000 ha. (4). Of the cultivated area, about one million hectares are irrigated.

(1) See *Annuaire International Statistique Agricole pour 1910*. International Institute of Agriculture. Rome, 1912 and SCHNEIDER above mentioned.

(2) Report of the Consul General of Chile in Italy, "Statistics of the Republic of Chili."

(3) According to private authorities, the figures relating to cultivated land, and yield ought to be higher; wheat alone, for instance, is said to be grown on 1,000,000 hectares and yield annually about 10,000,000 hectolitres. The difference is due to the incompleteness of the official returns.

(4) SCHNEIDER, above mentioned.

1. *Cereals* — The chief crop, as shown by the preceding table is that of cereals, especially of wheat, grown upon 38% of the cultivated area; it yields on an average from 10 to 11 quintals per hectare. On irrigated land, where wheat alternates with leguminous plants and maize, the yield is 15 quintals per hectare; on other farms, that is on the greater part of the wheat growing area, the land lies fallow for a year after the wheat crop and here naturally the yield is less, not more than 6 or 7 quintals per hectare.

The current prices on the local market during the first months of 1913 were, for every 73.60 kilograms, 16 pesos in February, 20 pesos in April, 18 pesos in May. The average price of wheat in 1909 was 14 pesos. The greater part of the produce is consumed in the country; in 1900 it was even necessary to import. But of late wheat has been more extensively cultivated, so that in 1911 it was possible to export 13,841 tons, chiefly to Great Britain (5,300 tons) and to Germany (3,400 tons).

On the London market Chilean wheat (*Standard Chilean White Wheat*) is sold at 37 shillings for 500 lbs. On June 13th., 1913, the price was £ 1.17s. 3d. This price is for wheat on quay and includes freight and insurance.

Wheat farms tend to occupy the arid rather than the irrigated land, which is used, more for intensive cultivation or the production of cattle or the raising of dairy cows and cattle for fattening, because the profits are thus found to be much greater.

Second in importance comes the cultivation of *barley*, of which about 800,000 quintals are produced (1); about 15 or 16 quintals per hectare. About half is consumed in the country for making beer or as cattle food; a part is reserved for seed and the rest is exported. Great Britain purchases nearly  $\frac{9}{10}$ . On the London market, Chilean barley is highly prized, and the finer qualities are used for making the best beer. A *quarter* of 448 lbs. was sold (June, 1913) for £ 1.12s. 6d., freight and insurance included. On the local market the price at the same date was 13  $\frac{1}{2}$  pesos for 71 kilograms.

Of *oats* about 400,000 quintals are produced, at the rate of about 12 quintals per hectare; this is nearly all exported.

2. *Cattle Foods*. — As regards extent of area cultivated, cattle foods, grown on about 500,000 hectares, come next after the cereals. The greater part of this area is covered with artificial grass utilized as pasture for cattle. Only 40,000 hectares are utilised for the production of ensilage and for seed.

In the provinces lying to the north and centre of the middle zone lucern predominates, and clover in that to the south. The amount of ensilage produced is calculated at 2,000,000 quintals and is exclusively obtained from lucern; the amount of seed, chiefly of clover, is about 25,000 quintals.

(1) The private authorities above mentioned state that the production of barley is about 1,500,000 quintals annually.

Lucern is cut four or five times during ten months of the year ; rain in summer is almost unknown, and therefore the preparation of ensilage is easy and lucrative. In the provinces of Aconcagua and Santiago, connected with the farms there are numerous establishments for the preparation of ensilage, equipped after the latest style with machinery worked by hydraulic or electric force. The price of ensilage is 2.50 pesos for 46 kilograms of the first crop and 3 pesos for the second.

3. *Hoed plants*. — Hoed plants (beans, potatoes etc.) or *chacareria* crops (1) are very abundant in view of the large consumption of them in the country and their extensive exportation; but in their case progress is slow, because of the backward system of cultivation, the labour being performed by hand. The employment of machinery would increase the production, reduce the cost and increase the exportation.

Among the hoed crops, the most important is the *bean* which, with potatoes and wheat, forms the staple food ; according to official data, beans are cultivated annually on from 30,000 to 35,000 hectares (2) and the yield is 450,000 quintals. The price varies from 33 to 38 pesos per quintal.

Next in importance to the bean comes the *potato* ; to this crop about 30,000 hectares are annually devoted, producing about 2,500,000 quintals (3), almost all consumed in the country as food for men and animals and in the manufacture of alcohol.

The potato is generally cultivated near the coast, especially towards the centre, where it flourishes in land that is not irrigated. If the means of communication were better, the yield might be increased tenfold.

*Maize* is grown generally as an alternate crop with beans; the area covered by it is not large, from 23,000 to 25,000 hectares, and its yield is from 300,000 to 350,000 quintals, consumed entirely in Chile.

Among other *chacareria* crops may be mentioned peas, lentils, and vetches.

4. *Viticulture and fruit cultivation*. — The intensive cultivation of ligneous plants, especially of the vine and of fruit trees, is largely developed, and supports flourishing industries, viz., the making of wine and jams. About 60,000 hectares (4) are devoted to vines, distributed through nearly all the middle zone, but most frequent in the north and centre ; the vine grows also in the nitrous zone, where the land is irrigated. In the north as far as the province of Coquimbo, the vine is principally cultivated to make the finest wine, such as port and sherry, as well as cognac. Grapes are also dried and the raisins prepared for sale. In the central provinces must, and wine are produced (chiefly Bordeaux and table wines) as well as

(1) A *chacra* is a small farm of intensive cultivation, worked on the *melayer* system.

(2) According to the private information above referred to, the land under beans is from 120,000 to 150,000 hectares, producing about 1,500,000 hectolitres.

(3) The above quoted consular report gives 3,500,000 quintals as the average yield ; the area cultivated is, according to private information, about 50,000 hectares, with a yield of 4,000,000 hectolitres.

(4) The above quoted private sources state the area of the vineyards at 100,000 hectares.

brandy. The must, called *chicha*, is largely consumed by the lower classes. In the south of the province of Linares, the vine is usually cultivated in dry soil producing must for immediate use and an inferior kind of wine.

The annual yield of the vines may be thus distributed: 2,000,000 hectolitres of wine, 600,000 hectolitres of *chica*, 400,000 hectolitres of *chacolies* (wine made from green grapes): 100,000 hectolitres of brandy containing 50 % of alcohol, 10,000 hectolitres of raisins. This, it will be seen, is a considerable yield, the value of which is about 100,000,000 fr. not taking into account the grapes consumed.

*Fruit cultivation* is also very profitable. The climate and the soil of Chile are adapted to the production of exquisite fruits, and the jam making industry is of great importance. The fruits of temperate climates are produced in great variety and abundance, especially peaches, pears, apples, plums, figs and nuts. These last are exported in large quantities to Argentina and to the United States (in 1911: 3,871 tons to the value of 1,858,000 gold pesos).

The area planted with fruit trees is, according to official reports, about 16,000 hectares (1): the average profit per hectare is calculated at 400 gold pesos.

But some plantations yield still more. Nut trees planted 15 metres from each other produce 80 kg. of nuts each, equal to a yield of 1,800 paper pesos per "*cuadra*" (2). It must, however, be remembered that from the time the nut tree is planted twelve or fifteen years must elapse before it attains its full growth; during that time, however, the intervening space is utilized for the cultivation of herbaceous plants. The plum tree produces about 50 kg. of fruit, which is reduced by drying to 10 kg. and is sold at 40 centimes per kg.: and a *cuadra* with 625 trees will yield 2,540 pesos. The apple, orange and almond yield large profits, about 5,000 pesos per *cuadra*.

The diseases of plants naturally influence the profits, and much remains to be done to protect the fruit, but these diseases are not frequent or very serious.

The growth of fruit trees is so rapid that it is not rare to see them produce after the third year; after the fifth they reach almost their full rate of production.

The planting of olives has now been begun and if judiciously managed it may become very remunerative. In Chile olive oil is consumed in large quantities, but it is all imported. In 1911 oil imported for food reached the amount of 4,041,698 kg.; of this at least 1,100,000 kg. came from Italy and Spain, and a considerable part of the 2,300,000 kg. imported from the United States was olive oil.

5. *Kitchen gardens*. — Kitchen vegetables are cultivated very intensively and for the purpose 100,000 ha. are utilised. Onions, garlic, tomatoes, celery, lettuce, beans, asparagus, artichokes, radishes etc., are

(1) According to private authorities it is about 40,000 hectares

(2) Cuadra = about 1 ½ ha (15,615 sq. m.).

grown in large quantities, and form a considerable part of the food of the people. The average yield, calculated at 700 pesos per hectare, might be considerably increased, if the method of cultivation were less rudimentary, carried on as it is by people without technical knowledge who do not understand the use of manures.

6. *Other crops.* — It is believed that sugar beet might be grown successfully, especially in the south; the chief hindrances are a want of technical knowledge, and the indolence of the farmers; in fact some years ago a sugar beet factory proved unsuccessful, because the farmers who were to supply the raw material could not fulfil their engagements owing to a want of competent labourers.

Thus Chile has to import refined sugar from Germany (119,850 quintals in 1911) and raw sugar from Peru (658,949 quintals), which is refined in a large factory near Valparaiso.

Other crops of less importance are tobacco, hemp, and flax.

The cultivation of flowers must not be forgotten, for the soil of the central provinces is most favourable to their growth. This industry is chiefly for home consumption in the cities, and the few persons occupied in it are generally foreigners. It gives considerable profits.

#### § 4. FORESTS AND THEIR PRODUCE.

The area covered by forests is calculated to extend over 9,000,000 hectares (1). This is only an approximate figure, for a great part of the area is still unexplored. It lies chiefly in the southern zone and the southern part of the middle zone.

Here we find oak, laurel, cypress, pine, larch etc. The most valuable timber-tree is the oak, which makes excellent railway sleepers.

Large areas are covered by the thickest virgin forests, almost tropical in the great luxuriance of their vegetation. Here may be found the *copaiba*, a tree which grows to a height of 30 or 40 metres with vivid red flowers making it conspicuous against the background of green of the surrounding woods.

Private owners possess about 3,750,000 ha. of the forest land. The rest belongs to the State.

The forests nearer the lines of communication are slowly but surely disappearing, for the woods are not carefully exploited according to the best forestry rules. Besides a large part has been cleared by burning to give space for the cultivation of cereals, and occasionally conflagrations are caused by lightning. Such fires continue for days their work of devastation, leaving here and there burned trunks as the last remains of the forest.

(1) The consular report gives 18,000,000 hectares.

So that which in other countries constitutes a fund of wealth is in Chile being partially destroyed, against all the rules of, prudence.

Besides the great stretches of forest, many forest trees grow on the slopes and in the plains; among these are the pine, cypress, carob, "boldo", "lengue" and "quillai", the bark of the two last of which is used in tanning.

Much timber is consumed as fuel, either simply as wood or as charcoal and much is employed in building.

Want of capital and means of transport are serious impediments to the utilisation of the vast riches of the forests, and Chile actually imports wood, both unwrought and manufactured, in large quantities.

In 1911, Chili imported wood to the value of 3,747,000 gold pesos, of which about 2,000,000 gold pesos were spent on pine timber, and 551,000 gold pesos on manufactured wood (furniture). The greater part comes from the United States.

There are notwithstanding many establishments in Chile for wood manufactures, and furniture making. About 25,000,000 pesos are invested in such enterprises and it is calculated that the raw material employed costs 13,000,000 gold pesos, the value of which increases to 29,000,000 gold pesos when manufactured.

## § 5. LIVESTOCK IMPROVEMENT.

Livestock Improvement and the industries connected with it constitute one of the most remunerative branches of the economic work of the Republic.

The livestock in Chile, according to the census of 1906, was distributed as follows:

	Head
Horses, Asses, etc. . . . .	746,000
Horned Cattle . . . . .	2,675,000
Sheep. . . . .	4,528,000
Goats. . . . .	476,000
Pigs . . . . .	340,000
	8,765,000

1. *Horned cattle.* — Most of the horned cattle are found in the middle zone. The prevailing type is the Durham, crossed by the native race, descended from the ancient Spanish breed. The Durham has given excellent results; there are several very successful breeding stations.

The cattle are kept in large pasture grounds, all the year in the open air. Sometimes in winter, however, they are kept in half open stalls or they are sent to the slopes of the Cordilleras to spots sheltered from the cold.

The farms are not very large; those containing several thousand head are rare. In general the improvement of horned cattle is reckoned as a part of agriculture.

To develop this industry, a high tax, 26 and 22 gold pesos per head, for bulls and cows respectively, is levied on all cattle imported from the Argentine Republic. Still this importation constantly increases, for the national production falls far short of the demand, which grows greater and greater. As we have seen was the case with cereals, Chile at one time exported livestock to a considerable extent, for in 1867, the amount of head exported was 123,145. Then, exportation gradually decreased, and a progressive importation took its place; thus in 1872 the value of horned cattle imported was 713,872 gold pesos, in 1875 1,540,255 gold pesos; in 1885, 3,149,192 gold pesos; in 1911, 19,402,750 gold pesos for 102,817 head of cattle imported from Argentina alone. From other countries, the importation is small and limited to breeding stock.

Naturally, there has been a corresponding rise in prices but in spite of this the cultivation of cereals has been detrimental to that of horned cattle improvement. So it has happened that, whilst fifty years ago the breeding of horned cattle was the most important branch of industry, it is now not sufficient for the demands of consumption. It is therefore natural that the improvement of horned cattle, like the production of milk and butter, should be highly remunerative.

The following table gives some figures in regard to the prices of livestock in June, 1913 on the market of Santiago, the difference in price between fattened and lean livestock should be observed.

*Prices of Livestock.*

Value per head in pesos (paper)		
	Lean	Fattened
Cows . . . . .	178 ; 200	435
Heifers (of about 2 years) . . . . .	110	390
Bull calves (6-12 months) . . . . .	78	90 ; 104
Bulls . . . . .	272	380
Oxen (Full grown) . . . . .	226 ; 322	460 ; 478
Young oxen . . . . .	136 ; 138	232
Sheep . . . . .	—	22
Goats . . . . .	—	20
Pigs (6-8 months) . . . . .	—	75
Horses, Asses etc. . . . .	38 ; 75	38 ; 75

The price of beef of the best quality was at the same period about 1.20 fr. per kg.; of lamb of the best quality, about 1.40 fr. per kg.; of tallow, 60 centimes per kg.

The improvement of livestock in the middle zone might be much more developed, and the industries connected with it (milk, butter and cheese) would benefit greatly if conducted on better systems.

2. *Sheep.* — While the horned cattle is far from satisfying the demand of the home market, the improvement of sheep on a large scale leaves a large margin for exportation; in 1911, the export of frozen mutton from Punta Arenas alone amounted to 6,695 tons valued at 2,678,044 gold pesos.

The region best adapted to sheep-rearing is the *Territory of Magellan*, that is the cold zone between 47° lat. and the extreme south of the continent, between the Pacific Ocean and the Argentine frontier.

The eastern slopes of the Cordilleras are covered with immense pastures, which, owing to the severity of the climate are only fit for sheep improvement, and this has only developed under great difficulties. Half a century ago there were no sheep in the Territory of Magellan; in 1877 the first flock of 300 animals was imported from the Falkland Islands, where some Englishmen had flourishing sheep-farms. The farmers had at first to contend against the depredations of the natives, as well as of pumas and other wild beasts, but, in spite of all, there were in 1884 about 40,000 sheep. Up to that time, the Government had made free grants of land to all who would settle in the Territory of Magellan as sheep farmers. But when this industry had developed, it was decided to let the land for periods of a maximum of 20 years, offering the leases for open competition; the minimum rent was to be 0.05 paper pesos the hectare for the first ten years and 0.11 pesos for the next ten. In the same year the first public competition took place by which 90 lots of land, some of them of 30,000 hectares each, were assigned to various buyers, besides a lot of 90,000 hectares. The entire area of these concessions amounted to 529,000 hectares; the price was somewhat above the minimum fixed.

Some years later, further contracts for letting land were made, as well as gratuitous concessions in Tierra del Fuego, where flourishing companies for sheep rearing were established. Of these the most important was the *Sociedad Exploradora de Tierra del Fuego* (Tierra del Fuego Exploitation Society), which obtained a grant of 1,000,000 hectares (the largest yet made) on the following conditions. The grantee engaged (1) to form within three years a society with a minimum capital of one million pesos; (2) within two years after the formation of the society to introduce 10,000 sheep, 200 head of horned cattle and 150 horses, asses etc.; (3) to pay to the State as the price of the concession 100,000 pesos at the expiration of the term, leaving all the improvements, the livestock and the other moveables to the Government.

In 1893 a new law was passed to prohibit gratuitous grants of land in the Magellan Territory and all grants by private contract, and only permitting the letting of land on the basis of public competition. From that time, no other large companies were formed, but those already in existence consolidated themselves and prospered.

An important law connected with this subject was that of January 13th., 1902, authorising the Government to sell one million hectares in the Terri-



tory of Magellan. In the same year the land was sold by public auction, 800,000 hectares divided into 73 lots being sold at the average price of 5.40 pesos per hectare. The rest was disposed of at a second auction, and as the quality of the soil was inferior, the average price was 3 pesos per hectare.

In 1905, as the result of a new law, 397,000 hectares of land situated along latitude 51 (*Ultima Esperanza*) were sold. But, as the auction took place at a time of feverish excitement on the Exchange, the price per hectare for one lot rose to 26.20 pesos, for another to 36 pesos, and for a third to 56.60 pesos. It must be observed that this third lot had been valued by the Treasury experts at 5 pesos per hectare. The greater number of purchasers did not fulfil the conditions of the contract, and preferred even to sacrifice the security they had given: the land was therefore sold by auction some months later for an average price of 12.25 pesos per hectare.

All the land suitable for sheep rearing in the Territory of Magellan hitherto alienated amounts to an area of 1,750,000 hectares; its sale has realised for the State the sum of 12,750,000 pesos, i. e. an average of 7.25 pesos per hectare.

About 4,000,000 hectares adapted for sheep rearing still remain to the State. Much of this land is let or granted for a term, so that by degrees it will again return to the State.

The formation of private property in the Territory of Magellan has led to excellent results; permanent improvements have been made on the land; factories for the utilization of animal produce have been built; several establishments for the preparation of frozen meat have been installed; and the quality of the breeds of the animals has been considerably improved. Thus, in the Territory of Magellan, where sheep were unknown before 1877, twenty years later (1897) there were 813,000 head, and in 1906 the number had increased to 1,836,000; the average annual increase being 35 %, taking the losses through death into account.

Several establishments for the preparation of frozen mutton, equipped in the most modern style, are working successfully. In this region sheep improvement is carried on principally with a view to the production of wool and to this object many *estancias* are giving their attention.

The yield of wool is generally £7 per head. Its price, leaving out of the calculation the fluctuations caused by the conditions of the market, varies with the system of sale. Some breeders sell the wool to houses at Punta Arenas, where it is prepared and exported; others, the greater number, sell it directly in Europe through the great London firms, already washed and prepared. The average net price in Europe for Magellan wool was 5.53 pence per lb. in 1895, 7.63 pence in 1902, 11.44 pence in 1906 and 9 pence in 1910.

The wool exported from the port of Punta Arenas and sent almost exclusively to England amounted in 1911 to 7,631 tons valued at 6,000,000 gold pesos.

mony with each other, though quite distinct. For the mapping of the land, the execution of special works for the preparation of a map was seriously commenced: for the written statement of the legal relation between the real estate and the owners, the *Register of Landed Property* was instituted, a consequence of the Mortgage law; then, in order to have a practical means for fixing the land tax, the *amillaramiento*, that is to say a written inventory of the real estate in relation to its value, was prepared.

At the end of the nineteenth century, laws were introduced to rectify the lists of valuations, or to revise individual valuations, on July 17th., 1895 and August 24th., 1896, instituting as a solution the cadastre for cultivated areas, on the basis of the plans made for the map in preparation. We must add the law of March 27th., 1910, with many others, for reorganization of the finances affected by the colonial disasters, in which, while the cadastre for cultivated areas was maintained, it was made to serve as the basis for a written description of the various landed properties, which was called the *Fiscal Register*. The only practical advantage of all these laws was the preparation of the cadastre with detailed plans now in force.

## § 2. INSTITUTIONS PREPARING THE WAY FOR THE DETAILED CADASTRE.

As we have seen, the Government understood the need of the services that could be rendered by the cadastre, before public opinion or the Government itself were quite sure of the practical manner in which to realise the institution and even as to its quite special functions and bearing. The need becoming urgent, the Government had recourse to a system consisting in the division of the difficulties, occupying itself with each case specially under its various aspects, without waiting to find a clear and definite principle on which to base a general rule applicable in all cases.

The Government could only wait for the completion of the cadastre, to establish the land tax regularly and in as equitable a manner as possible. It was also necessary to establish it by means of *verbal* reports in the case of landed estates, the value of which was estimated for large areas and these reports, as we have said, were called *Amillaramientos*. The Government is not sure of the accuracy of these particular reports considered separately, but it has less doubt with regard to them as a whole, since from them and the valuation scale, called *cartillas evaluatorias*, it obtained an idea of the wealth of a municipal district taken as a whole; it declared this wealth a fixed amount and based on it its calculation of the total amount (*cupo*) of land tax to be borne by the landholders in proportion to their wealth. In each case, the arrears due from previous years, that for any reason it has not been possible to collect, must be added.

This system is still in force in most of the Spanish provinces, since the land tax, as we shall soon see, is only based on the cadastre in a fifth part of the kingdom.

Even before completing the cadastre it was necessary to establish the legal relation between the real estate and the owners on solid bases of public character, and even, in the absence of the objective basis furnished by a cadastre, consisting in the description of the property from the physical and economic point of view, it was possible in the second half of the last century to found the *Register of Land*, a fruitful and glorious institution in the legal history of Spanish landed property, which is nothing else than a *verbal* report of all rights on real estate. It is the register of land rights, the Prussian *Grundbuch*, although it can scarcely bear comparison with the *Flurbuch*, the Prussian register of land.

Nor has it been possible to combine the formation of the cadastre with the preparation of the map. It was more urgent to deal with the latter first, which was in fact a matter a little better defined, and better understood; the only thing, therefore, was to undertake the great work demanded for it, before thinking of the cadastre, or thinking of it as a consequence necessarily following it.

The place of the cadastre in Spain is therefore supplied as follows: for the fiscal work there is the *amillaramiento*; for the legal work, the Land Register.

The *Amillaramiento* is an imperfect substitute for the cadastre, for, without the description and the indication of the position of the land, it is impossible to identify it, and, therefore, the Treasury cannot in most cases register the constant changes in the taxable value.

As it is the landowners themselves who establish the *amillaramientos* and *cartillas evaluatorias* without effectual intervention on the part of the management, the reports relating to their wealth and the total amounts of it are inaccurate. Thus it is no surprise that they can bear a tax of 20 % not including additions of various kinds, for we may easily presume, and even be sure that, it is only by securing a large part of their wealth against taxation that they can bear such enormous burdens.

A consequence of the *amillaramiento* system is the application of the system of part payment, for, if those bodies interested had the liberty indispensable in order to amend the taxation papers of everyone according to the variations of the landed property, we may be sure that the interest of the contributors, in conflict with that of the Treasury, would end by rendering the basis of the tax of no effect.

In the same way, the Land Register supplies the place of the cadastre somewhat imperfectly. In spite of all the scrupulous care with which the legal relation between the land and its owners and even their condition are registered, the objective description lacks accuracy and is unreliable. It is thus very difficult and even impossible to identify the holdings by means of the indications provided by the Land Register alone.

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We may form an idea at a glance of the progress made by the Spanish Government in respect to the detailed Cadastre, by an examination of the following table :

Institutions of Cadastral Character, and Cadestres.	}	Statistical.	1. Land Statistics.	4. Cadastre for Cultivated Areas.
		Fiscal.	2. Amillaramientos.	5. Preliminary Cadastre.
		Legal and Fiscal.	3. Land Register.	6. Detailed Cadastre.

This progress is in accordance with the figures by which we have marked its several manifestations. It has already advanced along through the whole series of cadastres in which only verbal indications are registered and has utilised all the results. A great part of the agricultural wealth and of the livestock, but not all, was first the object of statistical returns, then of *Amillaramientos* and thus, although imperfectly, the need of a fiscal organization has been supplied. After so many years, comparatively a small portion of Spanish land has been registered in the Register of Land and it can scarcely be expected that the rest will be entered until the information is given in the detailed cadastre.

In the class of cadastres including both plans and verbal indications, a commencement has been made with that for cultivated areas in the degree permitted by the condition of the work undertaken for the preparation of the map, but the insufficiency of this cadastre for the complex ends in view was soon recognised. Then the preparation of plans of the individual holdings was resolutely undertaken, even without consideration of the previous legal delimitation, and often, even, of the direct measurement of the holdings, in order to arrive at a knowledge of the area from the above plans by the indirect methods we shall now indicate. To this detailed cadastre, the name of preliminary cadastre has been given to show that by means of it it is only intended to meet requirements of fiscal and statistical nature. At this point of advance towards a detailed legal and fiscal cadastre, the Spanish Government is perplexed and irresolute, in view of serious problems of another character by which it has been recently confronted, against its will, and perhaps even contrary to its expectation, and in view of the cost to be borne in connection with this Cadastre, which is as it were the limit of the evolution we have just been tracing.

§ 3. PRESENT STATE OF THE SPANISH CADASTRE.

The cadastral operations which are now being proceeded with fairly actively are in conformity with the provisions of the law of March 23rd., 1906 and follow the lines indicated in the following table.

Table of Operations for the Spanish Cadastré.	Work in connection with Plans	}	1. Local Trigonometrical Surveys.	
			2. Polygonal Tracing of Municipal Limits, Roads of Every Kind and Circuits of Towns.	
	Agronomic Work.	}	Period of Measurement.	3. Measurement, on the Plans, of the Area of the Topographical Polygons.
				4. Tracing of Parcels.
				4 bis. Polygonal Tracings, from the Point of view of Quality.
				4 ter. Polygonal Tracings, from the Point of view of Classification.
	}	Period of Declarations.	}	5. Landowners' Sworn Declarations.
				6. Comparisons.
	}	Period of Valuations.	}	7. Individual Valuations.
				8. Total Valuations.
}	Fiscal Period.	}	9. Preservation and Rectification of the Preliminary Cadastre.	
			10. Transformation of the above into a Detailed Cadastre.	

*Tracing of Plans.*

This work is part of that executed in preparation of the general Map. However, as it is desired that the work required for the cadastre may be commenced and have made sufficient progress before the work for the map is finished, that part shown in the above table has been pushed forward, though it will be brought into harmony with the geodetic tracing and complete it with the details of the land and the taking of levels indispensable for the cadastre.

This work for the map which is being carried out in advance for the cadastre consists also of local trigonometrical surveys independent of those of the municipal district. It includes also the tracing of the figures deduced from their apices, that of the line formed by them in the polygon the sides of which mark the geometrical limits of the municipal district, the roads and waterways and the boundary lines of towns of more or less importance.

By the tracing of these lines, the municipal district is divided into a large number of local polygons, the area of which may be measured on the plans by means of the designs or mechanically and always with an accuracy more than sufficient for the needs of this preliminary cadastre.

The work of making these general plans and also that for the map are carried out under the direction of the Geographical and Statistical Institute dependent on the Department of Public Education, the technical staff of which is recruited from among the civil engineers of every kind (Bridges and Embankments, Mining, Mountain, Agricultural), Doctors of Science, Engineers of the Military Engineering Department and of the Artillery, officers of the Staff and of the Navy. They form a single volunteer corps in the above Institute, called the Geographical Engineering Corps.

### *Agronomic Work.*

This work is carried out under the direction of the officers of the Financial Department, by the national corps of agricultural engineers, with the assistance of agricultural experts. Their object is to note the cadastral characteristics of all holdings taken separately, these characteristics being classified as under :

Characteristics in Detail for the Preliminary Cadastre . . .	}	Physical	}	Situation Boundaries Cultivation or other Use Area
	}	Legal	}	Kind of Tenure
	}	Economic	}	Classification Valuation

These characteristics are noted and registered under the three headings and in the three periods which in the corresponding table are called periods of *geometrical operations* (surveying), *declarations* and *valuations*, generally corresponding with each of the three groups of characteristics we have given immediately above.

*Period of Survey.* — The work of this period begins with the measurement, according to plans allowing of the establishment of the previous work, of the area of each of the local polygons into which the municipal district is divided, and which in the cadastre form units of intermediate area between the municipal district and the parcel. Each of these polygons is reproduced as a drawing on a separate sheet, in the scale of 1 in 25,000 or 1 in 12,500, according to circumstances. Within this perimeter, the official of the cadastre traces polygons showing the limits of the parcels, after they have been recognised one by one with the assistance of those interested belonging to the locality, represented by a Municipal Committee, to which the law gives the name of Committee of Experts (*Junta pericial*). In these tracings of parcels and on the leaves corresponding, entry is made, definitely, of the *situation*, *boundaries* and *mode of cultivation*, and provisionally of the *area*, thus completing the indications of the characteristics of a physical nature. Indication is also made provisionally of the *classification* included among the economic characteristics, and the *kind of tenure*, a legal characteristic.



The register of areas is provisional, for the official has not measured the parcels: he has first of all accepted the indications given by the surveyors or those supplied by a simple estimation of his own, which is called in Spanish *afijo*. However, he intends to assure himself, by way of verification of his various personal estimates, that the total areas thus estimated in the case of each parcel of a topographical polygon, is equal indeed to their total area, which he knows already with sufficient accuracy, from the operation indicated as no. 3 of the table of cadastral operations. In any case, he has to wait for the proprietor's declaration before making the provisional registration of this characteristic final.

The indications of classification and mode of tenure are provisional, because the final entries correspond with the periods of valuation and declaration.

It may happen that the parcels are not homogeneous either in quality (mode of cultivation or other use), or in their classification (intensity of production) and then they are divided into smaller parcels representing these differences, the areas of which are also measured. However, if these subdivisions are still very large, as one can never hope that the declaration of the landlord will give anything but a very vague indication of the area of each, the tracing of the lines of the polygon separating the various crops and the various degrees of intensity of production is proceeded with. Yet this kind of operation is exceptional, and it is marked with the same number in the corresponding table.

*Period of Declarations.* — In this period, the co-operation of landlords in the work of the cadastre, ceases to be representative and becomes direct and individual; they declare in a report, on oath, the characteristics of their holdings.

In general, the characteristics noted in these declarations agree with those arrived at by the office during the period of the survey work. If, by way of exception, there are some that do not quite agree, as necessarily this will be a case of material error, these characteristics are known, careful correction will be made until the disagreement disappears.

When the disagreement is in reference to the kind of tenure, it is also made to disappear. Therefore, there is again need of the intervention of the municipal executive council and the landowner, whose declarations will be considered and compared in open court. Whether there be disagreement or not, it is only after a favourable sentence has been given that the provisional entry can be made final.

In order that the area may be established definitely, a different course is pursued, whether or not there is disagreement between the indications furnished by the officer and the landholder's statement.

We have said that this officer makes a total of the areas that according to his personal estimation he assigns to each of the parcels of a polygon and that he corrects them, until, within certain limits permitted, this total is equal to that obtained for the polygon by means of the measurement of the plans. The same check is made use of in the case of the areas declared by the landholders. If, always within the same limits, the amount of the

areas is equal to that of the polygon, the entry in which the area declared by the landholder agrees with that arrived at by the personal estimation of the officer becomes final. When there is no agreement between the indications, it is obtained by means of a new declaration or a new examination or by direct measurement in case the disagreement continues.

When the total of the areas declared does not agree with that of the polygon, new declarations are asked for until an agreement is arrived at, and then the same course is followed as in the previous instance.

If, in spite of these second declarations, the amount of the areas does not correspond with that of the polygon, as a last resort, all the parcels it contains are measured.

In order that there may be agreement between the recognised area of the parcels and that which has been declared by their owners, there must be added to all these operations that of the comparison of the declarations.

The classification of the characteristics provisionally given in the period of survey operations, is made final if it agrees with the classification declared. If it is not final from the administrative point of view, it is for the superior officer of the official employed for the cadastre to decide, after hearing both sides and the municipal executive committee. Against his decision, there is the usual appeal allowed in Spanish administrative law.

As this characteristic is closely connected with the valuation, and since it is included in the economic group, it is made definite at the same time as the valuation and in the same manner: it is only exceptionally that an independent course is followed.

*Period of Valuation.* The land tax in Spain is levied on all revenue derived from the cultivation of the land directly, or indirectly, by means of livestock improvement.

In this revenue is included:

- (a) revenue from the land and its permanent improvement;
- (b) The annual interest on capital intended for the cultivation of the soil or for the livestock it may support, or needed for agricultural work;
- (c) The profits of the agriculturist or livestock improver.

To determine the amount of this revenue, balance sheets are prepared showing the gross annual produce corresponding with each degree of intensity of production for each class of cultivation, in relation to the unit of area and the expenditure necessary to obtain the produce. The expenditure is classified as follows:

Actual Annual Expenditure . . . . .	}	on Human Labour „ Animal Labour „ Manure and Seeds „ Irrigation „ Insurance
Extinction of Debt . . . . .	}	„ Furniture and Agricultural Implements „ Buildings and Improvements

The difference between the two gives the net yield. This analytical and direct method for establishing the net yield has been abandoned, for in practice it presents many inconveniences, amongst others the difficulty of attaining uniformity in the principles on which the various officers entrusted with the valuation proceed.

To arrive at this uniformity, technical accuracy has been somewhat sacrificed; a synthetic system has been followed for the direct calculation of each of the three elements of the net revenue. The revenue is calculated from verbal information or from documents, the interest from the capital of the farm by means of direct calculation (easier than in the case of the gross production), and the adoption of a uniform rate or one the fluctuations of which are regulated in advance, and the profits of the farmer, on the supposition that they form such or such a percentage of the capital for working expenses, which may also be established in advance; there is thus also a typical quantity for each class of cultivation varying generally inversely with the degree of intensity of cultivation (1).

These individual valuations are in relation to each of the terms of the table of classes of cultivation and degrees of intensity prepared by the cadastre officials for each municipal district with the intervention of the respective local executive committees. In order to obtain as nearly as possible a uniform standard for an entire province, this work of valuation is not directed by the officials of the cadastre individually, but by all those of the province together, with the addition of the officials of the adjacent provinces. They are all jointly responsible for all the valuations.

The agreement once come to between the officials and the municipal executive councils in regard to the table of classes of cultivation and degrees of intensity of production, and with regard to the types of valuation per hectare, publication is made of the results obtained, so that any complaints may be sent in. When examination has been made of these and a settlement come to, the last operation of the preliminary cadastre is undertaken, that of the *total valuations*, namely the application of typical estimates corresponding with each of the parcels or their subdivisions, by multiplying their *areas* by the respective units of value.

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The principal documents making up the preliminary cadastre of agricultural wealth and livestock in each municipal district are as follows:

(a) A plan of the district on the scale of 1 in 25,000, on which are marked in numerical order all the polygons into which it is divided by roads and waterways.

(1) This mode of valuation is not that enjoined by the law of March 23rd., 1906. The law of December 29th., 1910 authorized the Minister of Finance to vary the methods of valuation established by the previous law, rendering them more simple, and this variation was entered in the regulations of October 23rd., 1913.

(b) A tracing of the parcels for each polygon, on which, on the same scale of 1 in 12,500 are shown the details of the parcels and their subdivisions, their numerical order on the polygon and the indications of the crops and the various classes of land.

(c) The table of valuation types referring to the various kinds of cultivation and the various degrees of intensity of production in each case.

(d) The cadastral folios, one for each parcel, on which all their characteristics are shown and the administrative action preceding their final registration. These folios are preserved in the archives in their numerical order.

(e) The cadastral register, in which are noted, in the order of the polygons, their description for cadastral purposes, the physical and economic characteristics of their parcels and a summary of the areas to which each type of valuation has been applied.

This book has at the end a sufficient number of blank pages on which to note the variations that may occur in the characteristics of the parcels registered in it.

(f) The land book in which note is made of the legal characteristics in the same order as in the previously mentioned book. This book also contains blank pages in view of future changes.

The reason for noting the kind of tenure in a separate book, is the excessive variation of this characteristic in comparison with the others.

(g) The schedules of real estate, one for each holding, on which are shown all the parcels within the municipal jurisdiction, with only those details indispensable for the collection of the tax.

These schedules are preserved in the archives in alphabetical order of the names of the landowners.

The variations to which the characteristics are continually subject necessitate the addition to the corresponding detailed tracings of pages of plans showing these alterations, the cancellation of the corresponding entries in the cadastre register and the land register, with addition of new entries on the blank leaves, as the alterations take place, and the substitution of the leaves of the cadastre and schedules of holdings, by other equivalents, on which the new characteristics are entered.

*Fiscal Period.* — When once the preliminary cadastre is completed, the period of its application, which is almost exclusively fiscal, begins. It is easy to understand, in fact, that its applications are very rare for legal purposes, for the parcels have not been bounded in a legal sense; nor have their limits been fixed on the spot, and account has not been taken of them when registering the state of possession (not that of ownership), and, finally, only the declaration of the presumptive owner has been given and only on condition of its not being impugned by the municipal executive committee or any other proprietor.

However, the law of 1906 requires that the evolution of the cadastre shall not be arrested at this point. It requires that, once the preliminary cadastre is terminated, it be gradually transformed into a detailed cadastre. But, as it leaves the procedure to be followed for this transformation rather ob-

scure, no advance has been made beyond ensuring that until a new and effectual law is applied, of all the usefulness to society that may be anticipated from its high cost, there will be no other remedy than to make provision in the law for the course to be followed for fixing the limits of the parcels permanently and in such a way that verification may be easy, for *accuracy* in regard to the *extent* of the area is not so necessary as *legally strict* limits and their *practical permanence*.

Unfortunately, public opinion in Spain even among the technical staff of the cadastre, is somewhat confused, owing to this aspect which has been given to the cadastre. When the public speak of the detailed cadastre by itself, they give by that expression a great and decisive importance to topographic accuracy for fixing the area; on the contrary, they scarcely think of the legal boundaries, without which, however, this accuracy, always at the mercy of eventual or disadvantageous variations of the limits, is absolutely useless.

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#### *Present State of the Work and the Expenditure Entailed.*

Since 1895, the work of the preparation of plans, temporarily separated from that for the map, has been in course, with a view to the operations we have dealt with above, which were the subject of various bills before becoming law. Since 1902, after a short application of the cadastre for cultivated areas, but only in certain provinces, the agronomic work of the Preliminary Cadastre, as defined by law of March 23rd., 1906 and the Regulations of October 23rd., 1913, have been in course.

At the Department of Finance, the work for a preliminary cadastre of urban property has also been entered upon, but, although included in the same law, it is of too different a character to be dealt with in this study.

Under the regulations for this law, the work required for this preliminary cadastre had no effect on the total taxation of a province until the whole work was terminated. The work in the provinces of Albacete, Ciudad Real and Cordova was thus terminated. However, the law of December 29th., 1910 provides that when a municipal district approves the preliminary cadastre, the full tax of 14% on the taxable wealth, will be applied in it instead of 19% as formerly. In this way it has been possible for the preliminary cadastre to come into force in many districts of provinces in which the work was in course of execution, even before it was terminated in all the districts of the province.

The following table will help to give an idea of the State of the work on January 1st., 1913:

	Hectares	Parcels	Subdivisions of Parcels
Portion accomplished, as far as concerns the Surveying work alone. . . . .	902,380	290,911	383,012
Portion accomplished, as far as concerns the Surveying and the Declarations . . . . .	2,335,493	352,021	1,014,580
Portion accomplished, as far as concerns the Surveying, Declarations, and Valuation . . . . .	440,437	196,244	221,043
Portion, completely terminated, in which the fiscal application is in full force . . . . .	7,932,217	1,786,563	2,485,442
Total . . . . .	11,610,437	3,126,139	4,104,077

The area on which the taxes were paid in conformity with the cadastre consisted at that date of 664 municipal districts, with 375,935 landowners. The fluid revenue serving as a basis of taxation was 138,354,598 pesetas.

These municipal districts belonged to the following provinces :

Albacete . . . . .	in the ancient Kingdom of	Murcia
Alicante . . . . .	" " " " " "	Valencia
Cadiz . . . . .	" " " " " "	Andalusia
Cordova . . . . .	" " " " " "	"
Jaen. . . . .	" " " " " "	"
Seville . . . . .	" " " " " "	"
Ciudad-Real . . . . .	" " " " " "	New-Castille
Madrid. . . . .	" " " " " "	"
Toledo . . . . .	" " " " " "	"

The rest of the cadastral operations commenced had been begun in some of these provinces, as follows :

Malaga . . . . .	of the ancient Kingdom of	Andalusia
Almeria . . . . .	" " " " " "	"
Huelva . . . . .	" " " " " "	"
Granada. . . . .	" " " " " "	"
Murcia . . . . .	" " " " " "	Murcia
Caceres . . . . .	" " " " " "	Extremadura
Badajoz. . . . .	" " " " " "	"

In order to find the cost of these operations, it has been calculated in the statistical offices that the area in the corresponding table, where it is divided according to the various degrees in which the cadastre has been completed, might correspond in point of view of expenditure, with 10,743,319 ha. in a position to pay the land tax. As, according to the statistics, an

amount of 14,053,743 pesetas has been spent on the agronomic work, the rate of expenditure is 1 peseta 31 per ha.

The result from the fiscal point of view is an increase of 17.8 % in the basis of taxation.

The objections presented against the results, account being taken of the area affected by the complaints, relate to 8.8 % of such area. If instead of the area, we consider the number of parcels, the proportion is only 4.8 % and, if we consider the number of landholders, it is 6.5 %.

Finally, as regards the legislation, the work carried out for the preliminary cadastre is based on the above mentioned law of March 23rd., 1906, partially modified by that of December 29th., 1910, and the Regulations for the technical service of October 23rd., 1913.

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# FRANCE.

## NEW VALUATION OF UNBUILT ON LAND.

### PART. I.

#### VALUATION PROCEDURE.

##### OFFICIAL SOURCE.

REPORT OF M. CHARLES DUMONT, MINISTER OF FINANCE, on the Entire Work of Valuation of Unbuilt on Landed Properties, ordered by article 3 of the Law of December 31st., 1907,

#### § I. INTRODUCTION.

The yield of the soil has always been one of the chief sources of government revenue. When, in 1894, M. Poincaré, at that time Minister of Finance, resolved to convert the land tax on unbuilt on land into a tax on net yield of the land, he first caused the principle of a new valuation of unbuilt on land to be approved by Parliament in article 4 of the law of July 21st., 1894.

From the date of the promulgation of that law, the Department of Direct Taxation undertook to study the most suitable means for ensuring the execution of the work under the most favourable conditions possible.

It tried first to calculate the whole income of each landholder from his land according to the nature of his farm. This system gave very unsatisfactory results, as it was based upon the statements of the parties concerned or on the calculations of local commissions. The Government was thus led to recognise that in order to ascertain the taxable revenue of the various tax payers with sufficient accuracy, it was necessary to have detailed estimates.

A new experiment made in this sense in fact gave practical results, and it was applied by way of trial in one commune in each department.

According to this system, for the new valuation four essential operations were necessary :

(a) Division of the kinds of farm in classes varying with the fertility of the soil, and the establishment of the net average yield per ha. in each class;

(b) Distribution of all the parcels of the area among these different classes ;



(c) Comparison in the case of a certain number of farms of the net revenue as resulting from the valuation scale and the net revenue as shown in the contract of lease;

(d) Communication of the results of the classification to the landowners.

A proposal for the adoption of this method was embodied in a bill and laid before Parliament by M. Ribot, Minister of Finance, on October 22nd., 1895, but it was not discussed and was again submitted in turn, but with no better success, by M. Doumer in 1896 and M. Cocherly in 1896 and 1897.

And a bill on the same subject, proposed by M. Paul Constans in the Chamber on March 12th., 1903, had no better success.

Then M. Poincaré, again Minister of Finance, made a new effort with a view to the reform of the land tax, the principle of which he had himself laid down in 1894. For this purpose, he inserted an article in the Finance Bill for 1907, laid before Parliament on June 24th., 1906, conceived as follows: "The Department of Direct Taxation shall proceed to a new estimation of the yield from unbuilt on land in all the communes, beginning with those in which the municipal councils make request for the carrying out of the work. The new estimation shall be made and the conclusions applied in each commune as the operations are completed, under the conditions provided for in the laws and regulations relating to the cadastre..."

This article separated two operations that had been up to then considered as necessarily connected, the equalisation of taxation in the case of the total contributions of the commune and in that of individuals; it thus permitted of the immediate removal of inequalities in the taxes paid by different taxpayers in the same commune without it being necessary to wait for a general equalisation or a transformation of the land tax.

But it met with serious opposition from the Committee on the Estimates and was not approved.

M. Cailloux, M. Poincaré's successor, returned to the subject in the bill for the suppression of direct taxation and the introduction of a general income tax and a supplementary tax on the total yield of the land, proposed by him on February 7th., 1907.

Without waiting for the vote on this bill, it was decided, in view of the urgent need of the reform, to include the provisions relating to the new valuation of unbuilt on land in a special bill, which was proposed on November 21st., 1907; it came up for discussion in the Chamber on December 6th. and in the Senate on December 28th.

After lively discussion, it was recognised that it would be dangerous to hamper the Government by too many formalities and that it was wisest to leave it to settle, as experience should dictate, the best methods to adopt, for which it must give account to Parliament.

Consequently, article 3 of the law of December 31st., 1907 was conceived as follows: "The operations prescribed by article 4 of the law of July 21st., 1894 shall be immediately put in hand, the cost being paid out of the 3,000,000 frs. credit opened to the Department of Finance. They shall have

it for their object to fix the present net yield of unbuilt on landed properties.

In each commune, valuation shall be made of the separate farms, in accordance with a scale based on the nature of the crops and the holdings or based on authentic deeds of lease or verbal contracts of lease duly registered.

The results of these operations shall be communicated to those concerned, who shall be allowed a period of two months in which to make objections (1).

Notice shall be given every year, in a report distributed to the Chambers and published in the *Journal officiel*, of the work carried out and the methods followed."

This text was further completed by article 2 of the law of December 26th., 1908 providing that "in the course of the operations prescribed by article 3 of the law of December 31st., 1907, no valuation shall be made of ground built on, nor of that forming an immediate and indispensable adjunct to buildings."

It is in terms of these provisions that the operations of which we are now about to speak were carried out.

## § 2. ADMINISTRATIVE PROCEDURE.

In accordance with article 3 of the law of December 31st., 1907, the object of the new valuation is "to determine the present net revenue of unbuilt on landed properties."

The law does not define the "net revenue" that has to be discovered, but the debates preceding the vote on the law clearly show that by this expression is to be understood the rental value of the land, that is to say the rent the landholder derives from his real estate when he lets it, or, in case he works the land himself, what he might derive were he to let it. This value differs much from the net yield of the soil, which includes not only the rent of the land, but also the agricultural profits constituting the gain of the farmer working the land.

Under these conditions, the task first of all incumbent on the financial department was to discover the most appropriate methods for ascertaining as rapidly as possible, the precise rental value of unbuilt on land.

I. — TEMPORARY INSTRUCTIONS. — The general Department of Direct Taxation immediately set to work and prepared a scheme for the organ-

(1) This paragraph was modified by article 2 of the law of April 8th., 1910, thus conceived: The results of the valuations shall be communicated to those concerned, who may, within the term of one month, ask for documents to be communicated to them showing the details of the work of valuation per farm and demand copies of the said documents. The parties concerned shall be allowed a term of two months from date of the communication of the documents, in which to make their objections in writing.

ization of the work, providing for the utilisation of the assistance not only of the agents of the department of direct taxation, too few alone to arrange for the completion of the valuation within the very short term provided for, but also of collectors and of municipal clerks.

The work had to be carried out as follows:

The municipal clerks were entrusted with the initial duty of investigating with the assistance of the parties concerned the changes made in the way of cultivating the land since the establishment of the cadastre.

Furnished with this information, the head officers of the direct taxation offices prepared a statement of the real estate of each landholder, classifying the holdings according to position and the nature of their cultivation.

The valuation properly so called was then undertaken. At first a valuation scale was prepared. For this purpose, the superintendent, with the help of assessors, first of all enquired what kinds of farm were represented in the commune and settled the number of classes that should be made in each case with a view to the varying yield of the land; he then chose for each class a typical holding as representing the average value of the class, selecting it as far as might be from among the rented holdings. The rental value per hectare given by the typical holding was then entered on the list to serve as the basis for the valuation of all holdings to be later included in the same group and class.

Then the collector, also assisted by assessors, proceeded to group the holdings in various classes according to the scale. All parcels of the same kind possessed by one land holder in one place were classed together.

When the classification was complete, the superintendent went again to the commune, where he calculated, with the help of assessors, the rental value of the holdings leased, on the one hand in accordance with the rent stipulated in the contracts, on the other hand in accordance with the scale and the results of the classification; he enquired into the causes of the differences revealed by this operation, and made any corrections considered necessary in the scale.

The valuation properly so called being thus finished, it was still necessary, before determining the final results, to proceed to the calculation of the rental value of all real estate according to the classification, the division of the holdings according to the manner of working, the communication of the valuations to the owners and the consideration of the objections presented by them.

This procedure was first applied in the commune of Laroche-Saint-Cydroine (Yonne), where it seemed to give satisfactory results and afterwards in two communes in each department. Experience revealed some defects which were remedied by the following changes.

(a) *Substitution of collectors of taxes for the municipal clerks.* — In spite of the zeal and activity shown by them in the work in connection with the experiments, the municipal clerks did not seem always able, in view of their manifold duties, to give the department sufficient assistance in complet-

ing the work as rapidly as was desirable and it was decided to substitute them by collectors of taxes.

(b) *Transfer of the work of classification to the charge of the superintendents.* — As it had been recognised necessary, in order to ensure the greatest accuracy in the valuations, to have all the work of valuation properly so called done by one and the same officer, the duty of classifying the holdings was taken from the collectors and assigned to the superintendents who were already charged to prepare the valuation scales.

(c) *Substitution of classifiers for assessors.* — It appeared in the course of the experiments, that many of the members of the commissions of assessors were not sufficiently skilled in the matter of land valuation and it was considered advisable, under these circumstances, to give the superintendents the assistance of committees of classifiers, composed entirely of landowners, metayers or farm managers.

(d) *Grouping and classification of holdings.* — Finally, the system of grouping adopted not seeming suitable in every case for the rapid and sure performance of the work of classification, a new method was substituted, namely the grouping of the parcels according to owners and the leaves of the cadastral plan. According to this system, all the real estate belonging to each landowner had, before any other operation, to be entered together, by the head officers, with the assistance of the cadastral register, on separate forms for each leaf of the plan. On these forms, then, note was made by the collectors of any change in the mode of farming, and they were then utilised by the superintendents for the purposes of the classification, after having been arranged according to the leaves of the plan and according to the position of the holdings.

On November 20th., 1898, the special commission instituted at the Finance Department gave its entire approval to the procedure established, on condition that the course to be followed in the estimation of woodlands should only be finally settled after consultation with delegates of the department of waters and forests. The latter adhered to the proposals; but, in case Parliament should wish to grant special concessions to long term forestry undertakings, they asked that in the course of the work it should be ascertained, independently of the real revenue from the full grown trees, what the yield would be were the land planted for copse wood.

This idea being approved by the Commission, the instructions were completed by a clause to this effect: they were also brought into accord with the new decision embodied in the Financial Law of December 26th., 1908, to the effect that no value was to be assigned to the ground built on or forming an immediate adjunct to buildings: they were approved by the Minister of Finance on December 31st., 1908.

II. — FINAL INSTRUCTIONS. — The Ministerial Instructions of December 31st., 1908, containing the rules ultimately applied in establishing the real revenue or rental value of unbuilt on land, divided the work of valuation into preparatory work, examination of the kind of farming, valuation properly so called, and ulterior operations, according to the order of their performance.

*Preparatory work.* — This work, performed in the direct taxation offices, was the preparation of the documents required for the operations in the communes. With the help of the cadastral registers, all the holdings belonging to each tax payer were grouped together, according to the leaves of the plan ; or, in other words, all the parcels entered in the cadastre were shown grouped together on different valuation sheets for each leaf of the plan. These sheets were then sorted according to owners and finally summarised for the whole commune.

*Examination of the kind of farming.* — After the preparation of the documents in the above manner, the officers in charge communicated them to the collectors, together with extracts from the contracts of lease relating to the last ten years supplied by the registrars. The collectors had to find out the alterations made in the manner of cultivating the holdings since their registration in the cadastre, and to show on the sheets the real manner of their cultivation ; they had also to note on the extracts from the deeds of lease the designations given in the cadastre to the parcels therein dealt with, so as to allow of the identification of the holdings leased and of the farms being distinguished from each other. They were assisted in their twofold work by the landlords, assembled in advance by means of publicly posted advertisements or private letters, or, in default of the landlords, by the persons best informed with regard to the communal land.

*The work of valuation properly so-called.* — This work was entirely carried out by the superintendents of direct taxation immediately after the accomplishment of the preliminary operations with which the collectors were charged. The superintendents first of all collected from the public departments all information that might be useful with regard to the value of unbuilt on land and then visited the communes, where they proceeded, in union with the classification committees, as follows :

After preparation of a complete list of the kinds of cultivation carried on in the commune, they settled the number of classes to be assigned for each of these kinds of cultivation, taking into account the various degrees of fertility of the soil, the value of the produce and the situation of the holdings. Then they established a provisional valuation scale, showing the average rental value and market price per hectare for each class and they proceeded to classify the landed estates in the various categories corresponding with the scale.

The superintendents and classifiers then, with the help of the contracts of lease, estimated the value of the holdings leased and compared the results with those obtained by means of the classification. Theoretically, the two methods should evidently lead to estimates consistent with each other, but, when this was not the case, the superintendents had carefully to investigate the causes of the difference revealed by the comparison, and make the necessary corrections in the valuation scale or in the classification, according to circumstances.

*Ultior work.* — After the completion of the work of valuation properly so called, the scale of valuation was examined by the inspectors of direct taxation and definitely fixed by the officers in charge. These officers

then proceeded with the calculation of the rental value of all the parcels; then they forwarded the documents to the superintendents who had to apportion these rental values per farm in the case of holdings for which there were contracts of lease in course. Finally, the same officers wrote and despatched letters communicating the results of the valuation to the parties concerned.

After the expiration of the period allowed to the latter to make their objections, these were carefully examined by the superintendents and classifiers, after which the head officers made the necessary corrections in their papers and prepared a table giving the general results of the work for each commune per landholder.

Such are, in outline, the methods adopted for the carrying out of the work in connection with the valuation. This analysis gives us a sufficient idea of the general lines of the system followed. It will, however, be very useful to add a few details in explanation in regard to the most important and most delicate part of the work, that is to say the establishment of the scale.

The following explanations are consequently intended to show the difficulties that had to be surmounted in this connection and the steps taken to overcome them.

*Establishment of the scale.* — It was first of all necessary for the superintendents charged with the establishment of the scale to proceed to study attentively the special conditions of agricultural holdings in each of the communes in which they had to work. To this end, it was enjoined on them not to visit the communes to ensure the actual execution of the work, till they had collected all the data necessary to enable them to guide the classifiers in their deliberations with profit and with authority.

The average rental values per hectare shown on the scale were at first inferred from the information supplied by the contracts of lease entered into under ordinary conditions, as far as possible in the case of holdings of average size situated in the commune.

When sufficient information could not be obtained from these, it became necessary to make use of documents of the same character relating to land in the neighbouring communes.

Finally, in default of documents, the average rental value per hectare was fixed either by means of a comparison, or by calculating interest on the market price ascertained from deeds of transfer, or by a direct estimation, calculating the net yield of the holdings and deducting the amount of the farm profits.

The average values per hectare to be shown on the scale were calculated according to similar methods.

These general rules sufficed to enable the agents to fix the net revenue of such real estate as is usually leased by contract, as this revenue is nothing else but its rental value. But it was necessary to give the technical staff accurate information in regard to the methods to be followed in order to ascertain this net revenue in the case of certain classes of holdings not habitually leased. We shall take as an example forest holdings.

These have not a rental value, strictly speaking, as their revenue is derived from the value of the wood cut. It is this revenue, less the cost of maintenance, management, protection and plantation, that in the Ministerial Order is considered as the net yield.

In fact the exploitation of a forest requires neither annual cultivation, nor investment of capital ; the intervention of the landlord is limited to acts of supervision and administration that may be paralleled with those performed either by the householder who himself administers his real estate or the capitalist concerned with personal estate securities. This kind of exploitation, is not, therefore, like the working of other landed estate, a real profession and, thus, there could be no question of deducting from the revenue from the cuttings anything under the head of agricultural profits.

Indeed, the net revenue of forest holdings, as above defined, is only collected periodically. Now, it was indispensable, in view of the annual incidence of the land tax and the necessity of ensuring a regular annual revenue to the departments and communes, to subject the forests to an annual charge. It was consequently necessary to find the annual revenue by means of the periodical yield from the cuttings. The Ministerial Instructions therefore ordered that the value of the cuttings should be divided by the age of the trees, the yield of copsewood and forest trees being for the purpose considered separately.

This method, indeed, is adapted to meet the case, for forests indisputably yield an annual revenue consisting in the value of all their plants. This revenue, it is true, cannot be collected in kind from the year of production, as the market value only begins after a certain time ; it is no less certain, however, that this annual revenue exists and adds to the value of the land, and thus is a definite gain to the land holder. This is so true that in case of sale of wooded land, the price of sale is fixed with due regard to the annual increase of the wood on the land and the seller thus receives the yield of his wood without having to wait for the usual date of its cutting.

It has been objected against this system of valuation that it obliges the forest proprietors to pay a tax on revenue they have not yet received. There would be foundation for the objection if the wooded land were taxed from date of plantation, but this is not the case. In fact, under the present legislative system, forests newly sown or planted are exempt, entirely or almost so, from the land tax for thirty years (1), a period more than sufficient to ensure the proprietor the receipt of the yield of the first cutting and it is not to be doubted that this law will continue in force. Under these conditions, the taxation of the forest will continue to be based, as it has always been, not on revenue to be collected, but on that actually collected.

(1) The exemptions granted on behalf of reforested land are now regulated ; 1st., by article 226 of the forestry code, which exempts from the land tax, for a period of thirty years, seed plots and forest plantations on the summits and slopes of mountains, on sand hills and in moor land ; 2nd., by article 3 of the law of March 29th., 1897, which reduces the land tax on land planted or sown for forests by  $\frac{3}{4}$  for the first thirty years.

If, on the other hand, account be taken of the fact that the tax corresponding with a cutting is paid in accordance with a graduated scale for the whole period of the growth of the wood for the next cutting, we see that really the Treasury rather allows the landowner time to pay his debt.

In addition, the forest proprietors are to receive a further advantage from the mode of taxation contemplated in the bill for fiscal reform already voted by the Chamber. In accordance with this bill, forest land would only be taxed, like any other land, to the extent of  $\frac{1}{5}$  of its revenue. As the forest owners have not to bear any of the charges (costs of maintenance of rural buildings and repayment of the debt on them, risks of not leasing or not receiving rent), on account of which this reduction was justified in the case of other land holders, and as, on the other hand, the special burdens they have to bear have been deducted from the gross yield of their land, they will be in a privileged condition compared with the other tax payers.

*Examination of the scales of valuation.* — Although all the precautionary measures above mentioned might have been applied for the establishment of the scales of valuation, it was still necessary to ascertain the accuracy of the valuations therein registered.

As the scales had to serve to calculate the rental value of all the real estate in each commune without exception, whether leased or not, a first mode of verification was contemplated, consisting in the comparison, in the case of rented holdings, of the values thus obtained and the real rent as shown in the contracts of lease.

That such verification might be possible, the contracts of lease had first to be examined to find the net yield, that is to say from the rate shown in the deeds the net rental value of the unbuilt on land dealt with therein had to be discovered. Now, this operation, although simple in appearance, none the less gave rise to serious difficulties.

The contracts which could be utilised for the purpose may be grouped in two principal classes : contracts of leases, in which the payment is generally made in money and sometimes in a fixed quantity of the produce, and metairie contracts, in which the profits are shared between the lessor and the farmer, in varying proportion fixed in the contracts themselves.

But these definitions only apply to either class of contracts in a general sense ; in reality, the deeds show very different forms according to the districts in which they are passed.

Among leases presenting interesting peculiarities, let us mention :

Contracts of tenancy at will, still in use in the Côte-du-Nord, Finistère and Morbihan, in principle contracts of lease, though the landowner also sells the farmer the buildings and areas existing on the farm for a period contemplated in the deeds. The annual rent is generally low, but the lessor keeps the right to give the farmer notice to quit or to evict him at the expiration of the period agreed on, refunding him the value fixed by experts of the buildings and areas, in other words of all constructions etc. raised on the ground.



Special contracts *à complant* in the case of vineyard leases are met with in various departments, especially in Loire-Inférieure and la Vendée. By these contracts, which come under the head of metairie contracts, land is granted to the farmer for a period limited only by the life of the vines, on the twofold condition of planting or keeping up the vineyard and giving the landlord a definite portion of the crop. These leases are hereditary and give the farmer the right of disposing of his original usufruct by sale, bequest or grant.

Contracts *à bordage*, peculiar to the Perche district, give a stock farmer (*bordier*) the right to lodge and pasture his livestock on a holding, cultivated either by the owner or a tenant farmer, who only retains possession of the corn, as the owner of the livestock has a right to the forage and straw on which he feeds his stock.

According to the contracts of *terres à marché* in the Somme, the tenant on taking possession gives the proprietor a certain sum and he is then debarred from selling or letting to any one else except the tenant, any of the real estate leased, unless it be with the tenant's consent.

Again all these contracts, whatever their form, are very frequently complicated by special clauses which influence the rent itself, by the reservation of certain advantages to the parties or by the imposition of certain charges.

Among the clauses most frequently met with are those referring to the stock (supply of livestock and farm requisites by the proprietor): payment of taxes of every kind on the land and insurance premiums; the performance by the lessee of services (ploughing, carting etc.) or the payment by him of dues (eggs, poultry, vegetables etc.) to the lessor.

Independently of these general clauses there are others special to certain districts. Such are, for example, in the department of Côtes-du-Nord, supply by the lessor to the lessee of certain quantities of straw, hay and dung, on conditions of equivalent quantities of the same being returned on expiration of the lease; in the department of Manche, the obligation on the part of the tenant to plant apple trees in the meadows, on condition of the landlord paying the price; in the arrondissement of Millau, the clause binding the tenant to continue the supply of milk for making Roquefort cheese, whilst the landlord undertakes to guarantee to keep the price of the milk the same for the whole term of the lease.

Naturally, the Ministerial Instructions of December 31st., 1908 could not consider all the clauses and conditions that might be inserted in contracts of lease; they were limited to indications as to the course to be pursued by the agents in order to ascertain the net revenue in the cases most usually met with.

As regards metairie contracts, which, in certain regions, represent almost the only system of lease, order was given to find out the average amount of grain and other produce annually delivered to the landlord by the metayer, regard being had to the proportion laid down in the contract and then to calculate, in accordance with the official list of prices adopted by the regis-

tration service for the last ten years, the amount of these dues that might be considered as rent.

On the other hand, it was specified that to the rent there should be added the charges legally due to the landlord, when, by virtue of the agreements, such charges were imposed on the lessee, as well as, if need be, the value of the services rendered and dues paid by the tenant farmer, but that, on the other hand, deduction should be made from the rent, as shown in the deed, of the interest on stock and the value of buildings (houses, workshops and farm buildings) and that of the moveables mentioned in the deeds.

Finally, the agents had first of all to interpret the clauses of the deeds so as to know what influence they had in fixing the rent and then to estimate the increases or deductions to be made in order to arrive at as accurate an idea as possible of the rental value.

Besides, as the contracts of lease often refer to holdings extending over many communes and as the valuation is made per commune, the superintendents were, in such cases, obliged to calculate the portion of the rent for the real estate situated in the commune where the operations were being carried out, a matter not always easy, even in case of contracts of lease not containing special clauses.

The work of ascertaining the rental value thus presented serious difficulties and demanded minute attention as well as a profound study of the contracts. If we add to this that the rents are often shown in the contracts at less than their real value and, also, as many departmental directors have found, they vary with the kind of farm (large, medium sized or small farms), we see how difficult in many cases it may be to ascertain from a contract of lease the real rental value of the land in question.

It is none the less true that, taken altogether, the contracts of lease allow of our learning with sufficient accuracy the average rental value of the holdings and that thus they are a very effectual means of checking the figures of the scale.

It is to be observed, however, that this system of check was wanting in the case of those communes for which the deeds were not forthcoming at all or only in very small number. On the other hand, even as regards those communes where the investigations for ascertaining the net revenue could be carried out in the case of an appreciable number of contracts, there might be certain errors due either to want of experience of agents new to the work or to the district or to the lack of competence of certain local commissions or to an imperfect appreciation on their part of the object and import of the work of valuation. Finally, if these investigations guaranteed, at first, the uniformity of the valuation in each commune, they did not necessarily ensure that the scales would be in due proportion to each other in the different communes and departments.

Thus, the Ministerial Instructions of December 31st., 1908 provided for a second verification of the scales and entrusted it to the inspectors of direct taxation. These officers were charged in each department to examine with the greatest care the scales of all the communes and to assure themselves that the figures were accurate and reliable. They had, further, to

proceed to compare the scales in order to see if the valuations were in proportion to each other in the various communes and lists. They had, finally, in the same way, to compare the scales of their own department and those of the adjacent departments.

It was further the duty of the inspectors to propose any amendments they considered it advisable to make in the scales and to interchange with their colleagues the communications necessary to ensure an agreement between the valuations in the case of communes situated on each side of the departmental limits.

Thanks to this group of measures and the care taken by the various agents in carrying them out, the valuation scales, which are in some sort the very framework of the large undertaking ordered by the law of December 31st., 1907, offer, there is no doubt, the best guarantee of accuracy and proportion.

These are, in brief, the methods which were followed by the officers engaged in the work for the new valuation.

Let us add that the holdings to be valued in this way correspond with 13,440,226 land tax papers for 154,789,052 parcels. The operations were begun in the course of the year 1908, but, as that year was devoted to the preparation of the instructions and to their trial application in each department (to be precise in 169 communes), it is only since 1909 that the operations in question could take their normal course. They were finally completed in the first few months of 1913.

Availing themselves of the right granted them, 142,186 landlords made application for copies of the documents relating to their land. These applications led to the consignment of 172,120 abstracts relating to 7,094,929 parcels.

The number of landowners who made objections, whether they had previously made the above application or not, was 120,085.

The objections made affected 23,186 communes; their object was:

(a) Revision of the rental value, in the case of 104,500 holdings	
(b) Modification of the division of the rental	
value per farm, in that of . . . . .	3,958 ..
(c) Rectification of errors of apportionment, in	
that of . . . . .	24,072 ..
(d) Exemption from taxation, on the ground of	
new plantations or reforestation, in that of . . . .	3,827 ..

The results of the examination of the objections in regard to the rental value may be summarised as follows:

The objections applied to 0.84 % of the total number of holdings, to 4 % of their area and 4 % of their rental value.

In the case of the objections recognised as valid, these proportions were reduced to 0.22 %, 0.74 % and 0.69 % respectively. Finally, a comparison of the number, area and rental value of the holdings in regard to which the objections were entertained either altogether or in part, with the number, area and rental value of the whole number of holdings the valuation of which was disputed, gives the proportions respectively of 26 %, 19 % and 22 %.

All these statements are witnesses at once of the care and moderation with which the valuations were made ; they are of a nature to inspire confidence in the general results of the work.

*(To be continued).*

(c) Publications of the Bureau of Agricultural Intelligence and Plant Diseases.

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BUREAU OF ECONOMIC AND SOCIAL INTELLIGENCE

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MONTHLY BULLETIN  

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OF ECONOMIC AND SOCIAL  

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# Part I: Co-operation and Association

## ARGENTINA.

### MISCELLANEOUS NEWS.

I. — WORK OF THE ARGENTINE FORESTRY SOCIETY. — From the last report presented at the general meeting, it appears that this important association again last year exerted very efficient action for the defence and increase of the national flora. Without counting the usual propaganda in behalf of reforestation, various prizes have been offered for the best plantations of forest trees, fruit trees, olive trees etc; arbor day was celebrated with the greatest solemnity in the whole republic and 300,000 trees and 4,000 kg. of seeds of various forest trees were planted. In addition to this, the society intends to institute associations, in various centres of the interior which will be affiliated to it and support it in its work. It is founding a special nursery for forest trees, to facilitate the selection of the species best suited to the various latitudes. The society, finally, is preparing a bill for a forestry code.

(Summarised from the *Nación*, December, 1913).

\* \* \*

2. — COW TESTING ASSOCIATIONS. — As we have had occasion more than once to point out (1), livestock improvement has made great progress in Argentina in the last twenty years, especially owing to the action of the Rural Society. The greatest care has been bestowed on the

(1) See especially in the number of this Bulletin for October, 1913, the article: "Some Indications of the Economic and Agricultural Progress of Argentina."

improvement of butchers' beasts, to which the cold storage system is giving continually increasing importance, but this has in no way tended to discourage the scientific improvement of dairy cows, as the increase of this industry is considered one of the most effectual means for the extension of agriculture.

In recent years, there has been a movement in favour of cow testing societies, led by Dr. Pedro Bergès.

These associations, very widely spread, as we know, in the countries where the dairy industry has made the greatest progress, Denmark, Switzerland, Germany etc., are formed amongst the owners of cows, and their object is to increase the production of milk and the percentage of butter fat in it, and to diminish the cost price, by means of the selection and scientific feeding of the cattle. For the purpose, the milk of each cow is periodically weighed and analysed and the food consumed by it is weighed. Hence the improvement or the loss in the case of each cow can be measured.

In Europe, it is generally the livestock improvers who found these societies on their own initiative: but in Argentina, where livestock improvement presents special conditions and where the spirit of association is still weak (1), it was not easy for these associations to be formed by the producers themselves. Therefore appeal was made first of all to the large butter factories of the country, which have the greatest interest in the development of the cow testing societies. The butter manufacturers, who have various steam creameries in different districts, are always endeavouring to increase the amount of cream they treat, so as to reduce the cost.

It is therefore entirely to their interest that the producers should supply the largest possible quantity of milk for the longest period of the year, and that the milk should contain the largest possible percentage of butter fat: this can only be effected with the help of cow testing associations.

The manufacturers welcomed the proposal of contributing to the foundation of such institutions. In September, 1911, the "Germania" Cow Testing Association was constituted among the suppliers of milk to the Germania and Gunther creameries (district of Gral-Pinto, Province of Buenos Aires), belonging to the River Plate Dairy Company Limited. This company places at the disposal of the society the creamery buildings and plant, as well as the staff for the inspection of the livestock etc.

In 1912, also with the help of the River Plate Company, another similar society was founded at *Bell Ville* (Province of Cordoba).

Encouraged by the success of these first experiments, the promoters of the movement endeavoured to interest the public authorities in it. The Government of the Province of Buenos-Aires instructed Dr. Pedro Bergès to found three societies of the kind.

The first was founded in December, 1912 at *Estación Banchos* (district of Graal-Paz), with the assistance of the local butter factory: the other two

(1) See in the number of this Bulletin for December, 1913, the article "The Co-operative Movement in Argentine Agriculture."



in March 1913, one at *Estación Gardey* (district of Tandil), the other at *Estación Monasterio* (District of Chascomus), with the assistance of a large steam creamery.

These societies are supported by Government : an expert belonging to the Department of Livestock Improvement and Agriculture must arrange with the Managing Committee of the Society to inspect the members' cattle stalls, analyse their milk etc. Every month he must make a report showing the results obtained. At the end of the year the members will receive certificates showing the milk yield and proportion of butter fat per cow, as well as the description of each cow and the calves it is nourishing. The expenses form a charge against the Government.

Not all the five societies are working regularly : the idea, however, has taken root and circumstances are becoming more favourable for the foundation of these institutions. They will not only be able to improve and develop the dairy industry in the country, but will be able to awake the spirit of association among the producers, urge them towards new forms of co-operation, such as the dairy societies and livestock improvement syndicates which have given such good results in Europe.

As we have seen, the cow testing societies up to the present formed in Argentina owe their origin not to the initiative and the capital of producers, but rather to the initiative and capital of outside institutions, industrial societies, namely, and the Government. But this is not, adds Bergès, a matter for serious reproach: even in countries in which private initiative and the spirit of association are very highly developed, and where there are hundreds of dairy societies, livestock improvement syndicates etc., the Governments grant the cow-testing societies important subsidies.

In Argentina, in view of the conditions in which dairying is carried on, the intervention of the State is for the present indispensable, if it is desired to ensure the foundation and permanence of these institutions. In Europe the feeding of cattle is very costly; it is therefore clearly desirable to get rid of the cows that consume more than they produce and not to give others nourishment in excess of that scientifically shown to be necessary for their requirements: hence the desirability of instituting a system of supervision over the production and of seeking out cows that give the largest quantity of milk and butter fat and the nourishment of which costs least. In Argentina the conditions are very different : generally a cow produces more than it consumes. In contrast with the European custom, the cow is generally not valued according to its certified yield of milk and butter, but according to the purity of its breed. In Argentina, observes Bergès, the only way of obtaining real authority for the certificates is, at least in the first few years, by an official system of testing.

This method, in addition to introducing scientific principles of improving dairy cows, will raise the price of milk and thus many farmers will abandon the improvement of butchers' beasts to devote themselves to that of dairy cows : in this way, the excessive slaughtering of cows and heifers, which constitutes a very serious danger for the national wealth in livestock, will be put a stop to.

The writer we quote appeals to the Argentine Rural Society to combine with the Government Authorities for the extension, by means of assiduous and single minded action, of the movement in behalf of the cow testing associations.

(Summarised from the *Anales de la Sociedad Rural Argentina*, Buenos-Aires, November-December, 1913).

\* \* \*

3. — A CO-OPERATIVE SOCIETY FOR THE SALE OF FRUIT. — On the initiative of the Agricultural Department, a co-operative society for the sale of fruit has been founded at Cordoba. In view of the importance the production of fruit has for the province, the society will be able to develop considerably and be of great benefit alike to the farmers and the consumers.

The association has a large building, which will be utilised for exhibitions and shows for which the Government has offered numerous prizes.

(Summarised from the *Gaceta Rural*, Buenos-Aires, October, 1913).

\* \* \*

4. — CO-OPERATIVE NURSERIES FOR FRUIT TREES. — The Engineer Francisco Fernandez has dealt with this interesting type of association in an official report on the agriculture of the department of Monte Caseros. This region is situated in the extreme south east of the Province of Corrientes, and is 270,000 ha. in area. Besides that the Uruguay bounds it on the East, many other streams traverse it, making irrigation easy through the whole area.

Although livestock improvement still prevails here, the conditions of climate and soil make the department a favourable region for the cultivation of ligneous plants, such as vines, olives, limes, mandarin oranges and all other kinds of fruit trees. Up to the present, however, little or nothing has been done to profit by these resources and to cultivate ligneous plants on scientific principles, that is carefully to select the varieties, graft and prune, fight diseases etc.

One of the most effectual means for cultivating fruit on a technically and economically sound system would be, according to the report, to institute a large number of nurseries: they, besides serving for the extensive diffusion of the selected varieties, would also serve as centres of experiment and instruction.

The nurseries might belong to the Government or be formed on a mixed system, by the co-operation of private persons with the State. In fact in the report it is proposed to found a kind of co-operative society, the members of which would be the General Department of Agricultural Education and the rural landowners, on the following basis:

1<sup>st</sup>., The landowner to contribute an area, for 6 or 10 years, according to the locality, with the labourers, implements and livestock necessary for the work.

2<sup>nd</sup>., The Agricultural Education Department to contribute the technical management, the seeds, plants, material for grafting and, when it judges fit, also the agricultural implements and other farm necessities.

3<sup>rd</sup>., The plants produced to be shared equally between the landowner and the Agricultural Education Department. The share due to the latter to be distributed among the farmers of the district gratuitously or at a price fixed in each case.

It seems the idea has been well received among the farmers and already some of them have offered areas for the installation of co-operative nurseries: the author of the report trusts that, with the extension of fruit farming, these institutions will have beneficial effects in the way of extending agricultural education and the co-operative idea.

(Summarised from the *Bulletin of the Agricultural Department*, Buenos-Aires, October, 1913).

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5. — CO-OPERATIVE MOVEMENT IN THE PROVINCE OF ENTRE RIOS. As we have had occasion to observe already (1), Entre-Rios is one of the Argentine provinces in which the co-operative idea is taking firmest root. Recently several farms of the Colony of Santa Anita, near Urquiza, have united to found a co-operative society for the collective sale of their produce.

A representative of the society will be charged to receive the goods at the various stations of the province and sell them. For the deposit of cereals, warehouses will be leased in the railway stations themselves.

Settlements will be made ten days after the definite sale, and 10 % will be deducted for expenses. No member may sell his produce to outsiders without special authorisation. The society may also give credit to members. The interest on loans may not exceed 8 %.

(Summarised from the *Gaceta Rural*, Buenos-Aires, January, 1914).

(1) See in the number of this Bulletin for December, 1913, the article "The Co-operative Movement in Argentine Agriculture."

## AUSTRIA

### THE DISTRICT OF TRENTO, A MODEL CO-OPERATIVE DISTRICT.

(Continued).

#### § 3. CO-OPERATIVE LAND CREDIT, DISTRIBUTION, PRODUCTION AND SALE (I).

##### A. — *Co-operative Land Credit.*

The first rural bank was founded in 1873 at Quadra (Guidicarie) on the initiative of the founder of the first co-operative distributive society, the highly respected Don L. Guetti. Since then co-operative credit has made very rapid progress.

The work of the rural banks consists in

- (a) granting loans;
- (b) receiving savings deposits, even of very small amounts;
- (c) encouraging the foundation of other co-operative consortiums (for distribution, sale and production), granting loans for the purpose and opening credits.

TABLE V. — *Situation of the Raiffeisen Banks.*

*Credits.*

Year	Number of Societies	Number of Members	Cash	Loans	Current Accounts	Counter Items	Total
1896 <sup>(1)</sup>	11	1,354	27,965.08	233,604.22	336,947.10	4,843.40	603,359.80
1906	155	16,503	222,011.17	7,367,836.40	7,824,211.26	1,407,668.70	16,821,727.53
1910	160	21,707	219,472.14	9,916,183.51	14,214,857.88	3,686,644.15	28,037,157.68
1911	168	23,378	310,413.73	11,256,842.05	15,181,718.96	4,275,390.39	31,024,365.13

(1) First year for which there are figures.

(1) We have to deal in one and the same section with Co-operative Land Credit, and Co-operative Distribution, Production and Sale, because the *Central Federation* and the *Central Bank* conduct all these various kinds of co-operative business.

*Debits.*

Year	Savings	Current Accounts	Counter Items	Contributions and Reserve Fund		Total
				Contributions	Reserve Fund	
1896	582,984.88		9,099.44	11,295.48		603,379.80
1906	16,143,083.22		80,405.14	328,239.17		16,821,727.53
1910	25,261,311.20	2,019,570.85	130,410.80	72,520.46	553,344.37	28,037,157.68
1911	27,605,562.76	2,416,212.57	279,743.37	78,176—	644,670.43	31,024,365.13

On December 31<sup>st</sup>., 1912, the situation of the Federated Rural Banks was as follows:

	1912
Revenue. Cash . . . . .	25,357,611
Expenditure. Cash . . . . .	25,044,656
Savings Deposits . . . . .	37,783,257
Repayments Made . . . . .	8,908,787
Loans Granted. . . . .	15,165,347
Loans Repaid . . . . .	3,301,809
Current Accounts: Debits. . . . .	28,986,967
Current Accounts: Credits. . . . .	14,870,566
Various Accounts: Debits. . . . .	5,857,859
Various Accounts: Credits. . . . .	2,445,242
Expenditure Account. . . . .	234,961
Revenue » . . . . .	352,185
Members' Contributions . . . . .	79,113
Reserve Fund . . . . .	634,703
Number of Rural Banks . . . . .	169
Number of Members: . . . . .	22,244

*Number of Books in 1911 and 1912.*

	1911	1912
(a) Savings . . . . .	41,120	42,336
(b) Loans . . . . .	15,847	15,944
(c) Credit Current Account . . . . .	1,853	3,013
(d) Debit » » . . . . .	216	324

The progress made by the Raiffeisen banks in the Trent District is clearly seen from Table No. V; in 1896 there were 11 rural banks with 1,354 members; in 1912 there were 169 with 22,244 members. From the balance sheets we also see the progress made by these useful institutions in the department of loans and in that of savings.

The value of the loans, which in 1896 was 233,600 crs., in 1906 had increased to 7,367,000 crs., and in 1912 to 11,863,538 crs.

The farmers at once availed themselves of the advantages offered by the banks and had recourse to them for loans to extinguish others the conditions of which were more burdensome. But much of this capital was used immediately for the improvement of agriculture and the scientific improvement of livestock, and in this way considerably improved the economic conditions of the country.

The savings deposits in 1896 made a total of 582,900 crs.; in 1906 they had increased to 16,143,000 crs. and in 1912 to 28,874,470 crs.

The credit current accounts also deserve special consideration; from 336,900 crs. in 1896 they rose to 7,824,000 crs. in 1906 and to 14,116,401 crs. in 1912. For the most part, this amount represents the subventions in current account the rural banks give to other popular economic institutes and especially to the co-operative distributive societies, the development of which is especially to be attributed to the support they receive from the Rural Banks in this way.

The rate of interest in the Rural Banks is very low: on deposits it is between  $3\frac{1}{2}$  and 4 %; on loans between  $4\frac{1}{2}$  and 5 %. Although the law allows of a margin of  $1\frac{1}{2}$  %, practically it is reduced to 1 %, and with this the banks cover their working expenses and form a reserve fund to meet possible losses. The chief item of expenditure is the salary of the cashier and bookkeeper; no other officers are paid.

In the rural banks the share capital is not important; the members are liable to the amount of their whole estate (unlimited liability), all equally and jointly and severally in respect to third persons, for the engagements entered into and on this ground share capital is not necessary; the applications of members for loans are met out of the savings deposits or loans obtained from a credit institute on the security of the joint and several liability of members.

### B. — Distributive Co-operation.

The first distributive Consortium was founded at S. Croce in Giudicarie in 1890, under the name of *Società co-operativa per acquisto e smercio di generi* (Co-operative Society for Purchase and Sale of Goods), through the influence of Don L. Guetti. The object of this Consortium was collectively to provide the goods needed by the members to meet the requirements of their domestic and rural economy, at the most favourable prices, distributing the goods among them in accordance with their needs, at cost price increased by a percentage charged for the cost of management and working.

In 1892 two other consortiums were founded, in 1893 five more; since then the progress has been very rapid, so that in 1906 there were already 245 co-operative societies, which had increased to 250 in 1912 with more than 32,000 members.

From Table VI, which gives the situation of the distributive consortiums, we may learn the ultimate credit and debit balances at the end of each of the last financial years, from which it is evident that the economic

development of co-operative business has kept pace with the increase of the societies and members. The amount of cash in hand at the end of 1896 was 48,600 crs., at the end of 1906 it was 193,600 crs ; in 1911 and 1912 it was about 183,000 crs. The credits rose from 269,000 crs. in 1896 to 3,087,000 crs. in 1906, and to 3,416,440 crs. in 1912; the goods account increased from 691,000 crs. in 1896 to 2,755,800 crs. in 1906 and to 3,579,328 crs. in 1912 ; the personal estate and securities increased in amount from 61,000 crs. in 1896 to 1,326,300 crs. in 1906 and 1,530,493 crs. in 1912.

TABLE VI. — *Situation of the Distributive Consortiums.**Credits.*

Year	Number of Consortiums	Number of Members	Cash	Credits	Goods Account	Personal Estate and Securities	Real Estate	Total
1910	236	31,265	157,909	2,745,491	2,981,507	293,318	976,287	7,154,513
1911	245	30,369	183,290	3,131,106	3,318,768	332,941	1,059,791	8,025,897
1912	250	32,347	183,381	2,416,440	3,579,328	396,693	1,133,800	8,709,644

*Debits.*

Year	Number of Consortiums	Number of Members	Outsiders' Accounts	Contributions and Reserve Fund		Total
				Contributions	Reserve Fund	
1910	236	31,265	5,572,049	298,639	1,283,824	7,154,513
1911	245	30,369	6,313,374	308,459	1,404,063	8,025,897
1912	250	32,347	6,900,527	315,799	1,493,318	8,709,644

The total credits increased from 1,070,000 crs. in 1896 to 7,362,400 crs. in 1906 and 8,709,644 crs. in 1912; while the total debits of the consortiums increased from 919,000 crs. in 1896 to 6,106,000 crs. in 1906 and to 6,900,500 crs. in 1912, leaving net amounts of share capital, of 151,000 crs. in 1896, 1,255,700 crs. in 1906 and 1,809,117 in 1912.

These last figures show the financial strength of the co-operative institutes; it must also be remembered that, besides these 1,800,000 crs., there is a guarantee fund of about ten million crowns, as security for the engagements of the Consortiums to outsiders in case of failure (1). In the district of Trent the legal form chosen for the distributive consortiums was

(1) *Konkurs*, according to the Austrian legal term.

that of limited liability consortiums, contemplated in the law on consortiums of April 9th., 1873. (*Bull. Imperial Laws, No. 70*).

Among the results of distributive co-operation in the Trent district we shall mention the following: the co-operative distributive societies regulate the prices and the quality of goods on the market; even the merchants have to take account of the prices fixed by the consortiums and the quality of the goods placed on the market by the distributive co-operative societies.

As regards the financial advantages, an important calculation was made in the newspaper "Cooperazione Trentina", of June 30th., 1889, on the basis of the information supplied with regard to the purchase and consumption of goods by the co-operative societies in the years 1897 and 1898. According to this calculation, on about 7,600,000 crs. worth of goods bought in those two years from the co-operative societies then existing, a saving of 3% was made by wholesale purchase and payment in time to profit by the discount, that is 228,000 crs. On the goods distributed (6,200,000 crs.), on which even fair dealing merchants would have charged about 20%, the co-operative societies, on an average, realised a profit of 7% so that their members also in this way gained 13%; the members would therefore have gained 806,000 crs. on the goods supplied by the societies, and this, added to the 228,000 crs. above mentioned, gives 1,034,000 crs. as the amount of the immediate savings for the two years.

It is further to be noted that at that date there were only 119 co-operative societies with 17,100 members, while in 1912 there were more than twice as many societies with 32,000 members; if the calculation made for 1897 and 1898 is correct, the annual saving to the members in recent years would be about 1,000,000 crs.

\* \* \*

There are also in the Trent district *Mixed Distributive and Credit Consortiums*, for example, the Trent Co-operative Union. We give below the situation of these in the last three years.

TABLE VII. — *Situation of Mixed Distributive and Credit Consortiums.*

*Credits*

Year	Number of Consortiums	Number of Members	Cash	Credits	Goods Account	Personal Estate and Securities	Real Estate	Total
1910. . . . .	2	481	2,891	222,400	67,627	39,872	—	332,883
1911. . . . .	2	513	5,192	135,705	118,059	32,506	14,767	307,229
1912. . . . .	2	531	4,645	244,476	126,710	25,736	28,152	429,721



*Debits*

Year	Number of Consortiums	Number of Members	Outsiders' Accounts	Contributions and Reserve Fund		Total
				Con-tributions	Reserve Fund	
1910 . . . . .	2	481	317,156	12,320	3,406	332,883
1911 . . . . .	2	513	289,998	13,777	3,454	307,229
1912 . . . . .	2	531	412,238	13,848	3,635	429,721

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C. — *Co-operation for Production and Sale.*

(a) *Agricultural.*

In the table accompanying this section of our study, there are figures for most of the consortiums for production and sale to be found in the district of Trent.

We shall also here briefly speak of these forms of co-operation and especially of that class of consortiums, of which no statistics are given in our Table VIII.

*Cocoon Drying Societies.*—The District of Trent, throughout a large part of which silk worms are extensively reared, was not able, previous to the institution of these societies, in any way to overcome the speculation in purchase and sale of cocoons and was therefore obliged to sell at the price the buyers offered.



Thus it often happened that silkworm breeders parted with their valuable produce at absurdly low prices, which did not pay them at all, so that many preferred to abandon their business and substitute their mulberry trees by vines and other more remunerative plants.

In this case also recourse was had to co-operation and establishments were founded providing purchasers with the necessary conveniences, especially for weighing and drying the cocoons, and in these establishments the produce could be stored, if need were, until the conditions of the market improved. When the necessary arrangements had been made for the installation of the drying establishments, and for the selection of the form to be given to the new institution, in 1901 the first cocoon drying consortium was founded at Cles (Valle di Non) by 22 economic societies of the valley.

The founders were encouraged by this first experiment; in fact the establishment at once gave excellent results, rendering the producers independent and attracting to the Trent market serious firms, which purchased the produce of the organized silkworm breeders at suitable and remunerative prices, which contributed appreciably to raise the price of cocoons even on other markets of the country.

The example of the producers of the Valle di Non was followed by silkworm breeders of the most productive regions of the country, so that in a short time there had arisen drying establishments at Rovereto, Cavedine, Caldonazzo, Mori, Arco Trento, Levico and elsewhere.

These establishments take various forms: we find some are consortiums, some are societies in civil law, some are private establishments. Substantially, however, they do not differ greatly from each other, because generally the same contract regulations are adopted as those drawn up and adopted by the economic societies which founded the Cles drying establishment.

These establishments offer another by no means inconsiderable advantage, that is to say they can be used also for the drying of maize. This is an advantage of indubitable importance when we consider the fact that in some parts of the Trent district, the pellagra has not yet been extirpated: and in order that this terrible malady may be more effectually combated the Imperial and Royal Government has granted some of these establishments subsidies varying from 5,000 to 6,000 crs. out of the pellagra fund, or subsidies of 2,500 crs. out of the provincial funds voted for the purpose.

*Wine Societies.* — The institution of these consortiums for production and sale arose in the most difficult period for viticulture and wine making in the district of Trent, that is to say, at the date of the renewal of the Commercial Treaty of 1892 between Austria and Italy, in which there was inserted the famous clause in favour of Italian wines. The consequences of this clause were fatal for the wine trade of the district; the prices fell in fact almost to half what they had been and the production would perhaps have been even more severely affected, had it not been that the spread of phylloxera in Hungary created a new market for the consumption of the ordinary produce of the district and especially of musts.

The Government, in order to alleviate the situation, assigned subventions of some thousands of florins for several years in succession and the money was largely used to promote the institution of wine societies. Thus aided, there first of all arose the Riva wine society, which had an endowment of 11,000 florins (22,000 crs.): then followed that of Borgo, endowed with 6,000 fls., then that of Revò with 4,000 fls. and, later on, those of Nanno, Campo Tassullo, Rallo, Tuenno, Pederzano, Mezocorona and Cloz, with smaller grants. Some of these were able, through their fortunate position, to overcome their initial difficulties successfully enough; others, however, with no working capital, had a severe struggle, owing to the low prices due to the competition of Italian wines, and some at last had to succumb.

The situation of the wine trade in the Trent district is now much improved; this is largely due to the abolition of the clause favouring Italian wines, in the last commercial treaty entered into between Austria and Italy in 1906.

This naturally had its effect also on the wine societies; many of them were transformed into co-operative wine societies, which means that anyone may become a member and enjoy the advantages offered, whilst, generally, in the other wine societies, membership is limited to the founders; the latter societies have more than anything else the character of profit seeking industrial undertakings, the former that of co-operative undertakings for the best possible utilisation of the viticultural produce of a larger circle of persons.

The Vienna Agricultural Department has recently proposed the institution of a Federation of the Wine Societies of the Italian part of the province; indeed, the Council for the Development of Co-operation in the Trent District, of which we have already had occasion to speak, has studied this important question with the object of discovering whether it would not be advisable to found a Federation to exercise supervision over the producers in their technical and financial business. The Trent Provincial Council of Agriculture has indeed drawn up the rules for the federation, and completed the arrangements for its foundation.

*Dairies and Livestock Improvement Societies.* — According to the census returns for 1910, the Trent District has 98,558 head of horned cattle which are kept for about 9 months on 44,315 ha. of meadow land and 39,116 ha. of pastures. Without considering the milk treated on the mountain, about 28,000,000 kgs. of milk are annually transformed into 750,000 kg. of butter, 1,500,000 kg. of cheese and 200 hl. of buttermilk, of a total value of more than 3,500,000 crs. To all this we must add the large area of the Alpine grazing grounds, of which there are more than 700, with about 50,000 head of horned cattle on them; the average yield of these animals, in dairy produce alone, is about 1,000,000 crs.

The Trent Division of the Provincial Council of Agriculture has always had at heart the promotion of the dairy industry; its action in behalf of horned cattle improvement has kept pace with that in behalf of the improvement of Alpine farms and pastures; for this purpose, the Division has constituted among its members a "Council of Alpine Grazing Grounds,"

to advise in regard to all applications for the execution of works of improvement.

In the best centres of livestock improvement in the Trent District there are now livestock improvement societies organized on a co-operative basis. In 1912 all these societies were united in a Federation, to provide for the more effectual co-ordination and uniformity of the work of the livestock improvers, both as regards the collective sale and purchase of butchers' beasts and breeding stock, the grazing of the same, the collective grazing of young cattle etc.

With the object of promoting the dairy industry, the Trent Division of the Provincial Council of Agriculture published model rules for the dairy societies in its Yearbook for 1884 (1).

These have increased to an extraordinary degree; in 1887 there were in the District of Trent 247 dairies; in 1901, 313; in 1902, 321; in 1903, 324; in 1913, 403.

In 1891 there were 321 dairy societies in the whole of Austria, and of these 164 in the Trent District; in 1899 the dairies in the whole of Austria were 708, 256 of them belonging to the Trent District. At present the Trent Division of the Provincial Council of Agriculture is intent on resolving on modern principles the complex problem of the Trent dairy industry and, therefore, on reorganizing also this department of the co-operation of the district, being strongly supported in the matter by the Central and Provincial Governments. The State and Provincial subventions granted for the improvement of dairying can only be accorded to dairy or cheese dairy societies satisfying certain definite conditions laid down by the Department in agreement with the Provincial Executive Committee. New dairy societies or unions composed of one or more undertakings in one locality must be constituted under the form of limited liability co-operative consortiums, submit to inspection of their accounts by the Federation of the Co-operative Consortiums of the Italian part of the Province and in their technical business to the supervision of the Provincial Council; they, may, then, expect subsidies of between 20 and 30 % by way of contribution to the expense of the construction of the new dairy or the adaptation of the old buildings to the purposes of a central dairy or the daily treatment of such a quantity of milk as may cover the expense of the working.

The Department of Agriculture, the Province and the Trent Division of the Provincial Council of Agriculture, then, grant special subventions to provide the dairy societies with new implements and improved machinery.

#### (b) *Non-Agricultural.*

Various *consortiums* have been formed in the Trent District for the production of electric light and power. Some of them have given good results;

others have failed, above all through insufficient technical knowledge. There are now only three consortiums of the kind with 1,223 members.

Some other consortiums have also been founded on co-operative principles, for example, joiners', blacksmiths' consortiums etc., but for many reasons they have not had the success expected of them.

There are, finally, in the district, brocade consortiums, bakers' consortiums, various consortiums, for example, for weaving and spinning flax etc.

#### D. — *The Central Federation.*

The Federation of the Rural Banks and Co-operative Societies of the Italian Part of the Province of the Tyrol with head quarters at Trent, was founded in 1805 and received legal recognition on December 4th. of that year.

The object of the Federation is :

(1) To promote co-operation generally and especially that form of it concerned with the development of personal credit and saving among the agricultural classes ;

(2) To encourage its development and progress by means of improved rules and the adoption of correct and uniform technical and administrative principles,

(3) To supervise the working of the societies by means of ordinary and extraordinary inspections ;

(4) To defend and watch over their moral, material, legal and administrative interests ;

(5) To develop and direct the work of credit, purchase and sale and promote mutual business relations;

(6) To promote mutual assistance of every possible kind among its members.

The Federation has two Divisions: one for Rural Banks, the other for all other co-operative societies. Each Division has its own general meetings, its own Council, Executive and Presidential Committees; the two Divisions together form the General Congress; the two Divisional Councils form the Federal Council; the two Divisional Executive Committees form the Permanent Executive Committee ; the two Vice Presidents, together with the General President, form the Presidential Committee.

The means the Federation employs to attain the above ends are various; amongst them we shall mention: propaganda by means of the press and lectures ; ordinary and special inspections of technical, administrative and legal business, legal consultation and protection, instruction in technical, administrative and book keeping matters.

The funds needed are supplied by the Government and the Province by way of subventions and when these do not suffice, by the federated societies by means of annual contributions of amounts fixed each year by the General Congress in accordance with the estimates. The Federation is a civil society regulated by law of November 15th., 1867, (*Bull. Imperial Laws*, No. 134), and extending its action only to industrial and economic con-

sortiums, founded in accordance with the law of April 9th., 1873 (*Bull. Imperial Laws, No. 70*), and existing in the Trent District.

At the moment of its formal constitution (November 20th., 1895) the Federation included 38 consortiums, that is, 8 rural banks and 30 co-operative societies. Ten years later, in 1906, the Federated Societies were 413, and of these 155 were rural banks and 258 co-operative consortiums; in 1912 there were 453 federated societies, 284 being co-operative consortiums and 169 rural banks. The work of the Federation is most active and beneficial in the matter of inspection. By the provisions of the rules the federated consortiums are subject since 1895 to a general inspection to be made, as a rule every two years. This inspection was made compulsory by law of June 10th., 1903 (*Bull. Imperial Laws, No. 133*), as a result of which every economic consortium founded in accordance with the law No. 70, of April 9th., 1873 is obliged to submit to a general inspection every two years.

In consequence of this, the Federation has been legally recognised as an institution for supervision, with its authority to inspect legally recognised and authorized (*Lieutenant Governor's Order of August 4th., 1903, No. 33,632. Bull. Department of Justice, No. 25*). The Federation itself was later on entrusted by the Commercial Courts of Trent, Rovereto, and Botzen with the official inspection of the consortiums not federated in it.

From 1896 to 1906 the Federation made 902 inspections, occupying 3,935 working days: to the report of his inspection the inspector generally adds a comment, either to explain the report to the General Meetings or the Boards of Management or for some other purpose. The action of the Federation in this department is of great importance for the regular work of the societies.

The Federation also occupies itself with the technical education of the staff in order to obtain a uniform system of bookkeeping for the rural banks and the co-operative consortiums. In order to attain this end, the Federation has initiated a series of courses of education, of ten days' duration, repeated each year, and at the end of the courses there are examinations; the Federation gives certificates of attendance, showing the results of the examinations and attesting the ability of the candidate to keep books according to the system approved by the Federation itself and these certificates facilitate his employment in the federated societies either as warehouseman, accountant for the distributive co-operative societies or as accountant and cashier in the Rural Banks.

In these educational courses the rules, internal regulations and laws relating to the economic consortiums are explained; the manner of corresponding with the Government authorities is also taught; the organization of co-operation in the Trent District is explained, including everything relating to the propaganda and development of the associations.

E. — *Central Bank. — The Catholic Bank of the Trent District.*

In the Federal Congress of January 29th., 1896 the erection of a Central Bank was proposed to give the Rural Banks and Co-operative Societies the possibility of suitably investing their surplus cash first in the district itself, and, in case of that not being possible, also outside of it, always with security for the capital, and of obtaining the money necessary for their work on easy and good conditions. On this basis, the *Banco di S. Vigilio* (Bank of S. Vigilio) was founded, but the new institute was not able to work. There just then manifested itself among the federated societies a disagreement with regard to the denominational or undenominational character of the co-operative institutions and the direction to be given to them. This disagreement was intensified when the Bank of S. Vigilio was founded, in order to act as a Central Bank for the co-operative societies, and produced a rupture between the denominational and undenominational parties, so that there was a severe contest in the Federal Congress on April 26th., 1899, in which the denominational party prevailed; in the elections to offices in the society the undenominational party were completely defeated, and from that date the tendency of the co-operative societies has become markedly denominational.

The Catholic Bank of the District of Trent was founded just in consequence of the change of tendency, which led to the substitution of the Bank of S. Vigilio before it had begun working. Founded on December 28th., 1898., the Catholic Bank was registered on February 7th., 1899 and began working on April 10th. of the same year. It is an economic limited liability consortium, in accordance with the law No. 70 of April 9th., 1873.. Its object is the "grant of credit in its various forms and it purposes specially to encourage by means of credit and collection of deposits, Rural Banks, co-operative societies for distribution and production and other institutions of tendencies in conformity with the Catholic spirit and therefore ready to co-operate in the solution of the social question." The share capital is unlimited and formed by contributions of 20 crs. each, the reserve and guarantee funds. The progress made by the Catholic Bank of the Trent District is clearly seen from Tables IX and X which show the situation of this bank, year by year, from its foundation (1899) to 1912; the number of members increased from 625 in 1899 to 1,678 in 1912 with 58,450 shares, as against 3,350 in 1899. The share capital increased from 67,000 crs. 1899 in to 1,316,900 crs. in 1912; about half of this is derived from contributions of the rural banks and economic consortiums of the Trent district. To the share capital is added the reserve fund, which in 1914 amounted to 173,089 crs. The savings deposits have increased to an extraordinary degree; from 1,460,000 crs. in 1899 they had risen to 39,397,613 crs. in 1912. Besides its head office at Trent, the Bank has some twenty agencies in various of the principal centres of the country; it has extended its action also to the field of thrift, undertaking life, accident, burglary, transport etc., insurance. The Catholic Bank of the Trent District was the initiator of two



important undertakings; the Railway of the Upper Valley of the Non, and the Industrial Bank, to finance which it largely contributed. The railway has not been a great success; the Industrial Bank was founded in order to give moral and financial support to industrial undertakings that might give the youth of the country permanent and remunerative employment at home and so serve to check emigration. From what has been said above, however, on the matter of emigration, it does not seem that the Industrial Bank has succeeded in this aim.

We shall speak in the next section of the support given by the Catholic Bank of the Trent District to the Industrial Agricultural Syndicate.

TABLE IX. — *Situation of the Catholic Bank*

Cre

Accounts		1899	1900	1901	1902	1903	1904	
1	Cash . . . . .	46,488.38	63,418.85	98,324.58	161,136.67	183,862.84	272,182.10	
2	Invested in Securities . . .	372,785.30	172,433.18	236,516.30	1,178,540.46	2,794,924.55	3,507,037.10	
3	Bills and Acceptances (Home and Foreign) . . . . .	184,124.99	673,407.02	2,058,174.41	1,845,483.17	1,902,257.24	2,099,922.10	
4	Real Estate . . . . .	—	—	—	—	—	—	
5	Furniture, Safes etc. . . . .	8,963.31	10,000.—	10,000.—	15,000.—	27,884.50	27,203.10	
6	Current Accounts Guaranteed by Bills, Securities, Mortgages and Consortiums . .	768,189.79	1,748,614.67	1,886,536.02	4,121,393.21	5,471,177.40	6,014,797.10	
7	Credits	Corresponding Banks . . . . .	144,732.50	34,991.13	281,585.30	955,653.87	925,977.47	1,560,242.10
8			Sundry Debtors . . . . .	2,697.95	20,457.46	3,930.46	30,214.84	33,868.10
9	Deposits (as Guarantee, for Administration and Custody) . . . . .	961,323.49	2,332,370.19	2,524,197.01	5,771,575.71	7,814,834.79	8,646,580.10	
10	Other Credits . . . . .	5,924.43	1,397.66	9,057.00	19,025.54	21,742.40	22,412.10	
	Total Credits . . . . .	2,495,530.00	5,057,990.76	7,114,802.09	14,098,023.47	19,176,529.20	22,230,518.10	
	Number of Members . . . . .	625	714	1,037	1,165	1,323	1,478	
	Number of Shares . . . . .	8,350	4,491	5,541	6,720	8,251	20,186	

TABLE X. — *Situation of the Catholic Bank*

Deb

Accounts		1899	1900	1901	1902	1903	1904	
1	Capital	Shares . . . . .	67,000.—	89,820.—	110,840.—	134,400.—	165,020.—	403,720.—
2		Reserve Funds . . . . .	1,259.—	2,062.78	5,781.48	10,509.88	16,716.92	25,908.10
3	Deposits and Current Accounts . . . . .	1,860,197.03	2,603,321.54	4,353,698.33	7,360,574.18	10,388,921.88	12,780,000.10	
4	Debits	Banks and Correspondents . . . . .	—	10,909.79	80,877.65	738,343.99	709,613.67	292,276.10
5		Dividends Due and Arrears . . . . .	—	—	—	1,220.85	1,686.73	2,709.10
6	Thrift Fund . . . . .	—	839.83	1,161.42	1,509.18	2,988.37	4,796.10	
7	Sundry Creditors . . . . .	557.38	—	9,739.92	46,031.07	40,704.57	47,456.10	
8	Deposits (as Guarantee, for Administration and Custody) . . . . .	961,323.49	2,332,370.19	2,524,197.01	5,771,575.71	7,814,834.79	8,646,580.10	
9	Rediscounts . . . . .	2,839.79	7,868.99	13,709.95	15,024.60	15,022.06	8,753.10	
10	Net Profits . . . . .	2,353.41	9,897.04	14,816.33	18,834.01	21,020.30	18,220.10	
	Total Debits . . . . .	2,495,530.10	5,057,090.16	7,114,822.09	14,098,023.47	19,176,529.29	22,230,518.10	
	Number of Members . . . . .	615	714	1,037	1,165	1,323	1,478	
	Number of Shares . . . . .	3,350	4,491	5,542	6,720	8,251	20,186	

*Trent District, for the Working Years 1899-1912.*

Years							
1905	1906	1907	1908	1909	1910	1911	1912
5,799.94	308,656.15	256,139.56	309,354.80	412,367.61	390,751.25	396,005.39	407,477.17
6,517.72	3,666,759.63	4,280,362.62	5,187,319.80	7,885,568.71	7,446,349.36	6,041,318.31	7,409,301.44
8,246.33	2,347,507.36	4,064,971.00	3,155,842.04	3,072,488.64	4,915,454.75	8,160,837.68	7,887,317.62
5,533.40	406,061.69	332,812.53	402,812.53	533,110.77	543,444.63	530,978.78	770,639.94
6,254.57	48,853.97	50,274.77	53,086.30	68,357.83	68,345.46	71,282.28	72,205.63
9,548—	6,078,207.25	7,307,692.59	11,404,341.54	12,895,239.26	15,380,653.07	17,966,443.50	20,437,350.82
8,679.61	4,684,437.27	5,603,307.11	5,053,360.07	3,922,911.45	4,168,832.03	3,591,182.85	4,069,604.22
8,028.39	240,614.80	352,682.45	440,548.34	184,168.02	91,887.91	74,264.14	103,263.01
16,237.89	10,526,139.74	13,703,834.14	19,154,294.99	21,664,283.25	22,195,430.52	25,475,857.91	23,053,120.63
17,855.30	39,609.27	45,996.27	52,190.21	111,927.82	78,915.81	71,571.55	56,505.92
12,698.67	28,346,847.82	35,998,073.10	45,513,150.52	50,750,423.36	55,280,064.79	62,379,742.39	64,266,786.40
1,530	1,569	1,603	1,619	1,665	1,685	1,654	1,678
23,960	30,583	32,662	32,944	34,174	52,049	55,924	58,450

*Trent District, for the Working Years 1899-1912.*

Years							
1905	1906	1907	1908	1909	1910	1911	1912
79,200—	611,660—	653,240—	658,880—	683,480—	1,040,980—	1,118,480—	1,316,900—
31,686.78	40,357.61	58,578.42	76,279.67	97,255.89	146,373.07	164,329.50	173,089.49
06,933.81	17,001,278.11	21,263,511.16	25,077,123.62	27,987,649.64	31,654,196.25	35,291,209.21	39,397,613.89
01,761.20	—	—	—	—	—	—	—
2,733.52	3,733.20	3,536.08	4,576.50	3,555.72	3,765.11	9,033.52	5,874—
5,794.28	7,863.71	86,427.96	12,374.60	16,622.31	16,853.27	16,438.74	15,730.36
67,863.27	38,754.82	121,680.44	118,714.74	162,769.77	87,991.84	146,045.77	144,966.31
86,237.89	10,526,139.74	13,703,834.14	19,154,294.99	21,664,283.25	22,195,430.52	25,475,857.91	23,053,120.63
25,078.19	29,821.54	44,342.93	43,019.10	40,327—	61,858.19	86,357.32	72,797.59
35,409.73	87,239.09	62,921.97	67,887.30	94,479.78	70,616.54	71,990.42	86,604.13
42,698.67	28,346,847.82	35,998,073.10	45,513,150.52	50,750,423.36	55,280,064.79	62,379,742.39	64,266,786.40
1,530—	1,569—	1,603—	1,619—	1,665—	1,685—	1,654—	1,678—
23,960—	30,583—	32,662—	32,944—	34,174—	51,049—	55,924—	58,450—

F. — *The Industrial Agricultural Syndicate.*

When the Federation had organized a central credit institute for the co-operative societies, provision was made for their organization for purposes of purchase. The Federation itself originally worked as an agency and occupied a middle position between buyers and sellers, renouncing all pecuniary profit in favour of the former, but the business reached a point when the need was felt for an institution to relieve the federal office of the difficult work of supplying goods for the account of the co-operative societies; in this way the Federation would be able to occupy itself principally with inspections in accordance with its rules. The new institute would be better able to deal with the business of supplying goods, obtain immediate advantages for the associated societies and serve as a central institution for the commercial business of the co-operative societies for distribution and production.

It was with this intention, the Industrial Agricultural Syndicate was founded.

It is a limited liability economic consortium, coming under the provisions of law No. 70 of April 9th., 1873; it accepts as members only economic consortiums and kindred associations, with individual members limited to the number of officers required. Its object is to facilitate for the co-operative societies and generally for the associated consortiums the collective purchase of goods, machinery and other material necessary, as well as the collective sale of the produce of the associated consortiums and their members; it attains its object by means of a purchase and sale agency, the erection of collective warehouses and the installation of industrial workshops. The capital of the society consists of the shares (*actions*) subscribed by the members, of the value of 50 crowns each, the reserve fund and the guarantee fund equal to five times the amount of the shares. By its rules the Institution must not seek profits, so that the credit balance — after deduction of a portion for the reserve fund against losses — is divided among the members in proportion to the purchases made and the contributions paid up; in this way the consortiums profit directly and indirectly. Founded on November 23rd., 1899, the Industrial Agricultural Syndicate was registered on December 13th. of the same year and began working at the beginning of 1900. The tables XI, XII, XIII, here given, showing the situation for the various working years and the total business done, make evident by figures the progress of the institute from the first years following its foundation up to 1912.

The members (consortium) from 134 in 1900 increased to 320 in 1912; the share capital (paid up and not paid up) increased from 19,100 crs. to 85,550 crs.; the guarantee fund from 95,500 crs. to 427,750 crs.; the amount of the sales from 886,838 crs. to 7,684,905 crs.

On the commercial market of the Trent District, the Industrial Agricultural Syndicate has to regulate both the prices and the quality of the goods.

The Syndicate also exerts its action in the sale of the produce of the societies affiliated to it or their members, for example, their wine, dairy produce, vegetables etc.

TABLE XI. — *Situation of the Industrial Agricultural Syndicate, Trent.*

<i>Credits.</i>					
	1905	1907	1909	1911	1912
1. Cash . . . . .	545.60	91.20	8,483.68	11,837.13	16,181.93
2. Credits to Members	794,678.20	827,126.66	1,088,671.16	1,284,165.93	1,490,402.04
3. Credits to Outsiders	114,455.01	164,584.72	226,670.72	446,107.62	584,084.94
4. Goods in Warehouse	496,906.51	588,566.50	620,613.08	699,536.68	862,589.26
5. Contributions Due . . . . .	9,900—	6,850—	3,300—	2,000—	2,000—
6. Securities . . . . .	39,922.58	62,213.58	77,570.90	105,584.90	161,032.30
7. Installation . . . . .	3,018.82	2,444.60	1,901.26	1,357.82	1,086.10
8. Furniture . . . . .	26,922.28	47,632.58	39,245.72	45,606.55	53,572.63
9. Real Estate . . . . .	287,603.37	382,091.26	593,001—	598,975.72	638,605.24
10. Guarantee Fund . . . . .	355,250—	389,000—	391,500—	418,750—	427,750—
<b>Total Crs. . . . .</b>	<b>2,129,201.57</b>	<b>2,470,601.11</b>	<b>3,050,957.52</b>	<b>3,613,922.35</b>	<b>4,237,304.44</b>

TABLE XII. — *Situation of the Industrial Agricultural Syndicate, Trent.*

<i>Debits.</i>					
	1905	1907	1909	1911	1912
1. Debts to Outsiders . . . . .	1,666,740.89	1,979,280.54	2,551,510.61	3,075,781.11	3,696,144.77
2. Contributions Paid and Unpaid . . . . .	71,050—	77,800—	78,300—	83,750—	85,550—
3. Guarantee Fund . . . . .	355,250—	389,000—	391,500—	418,750—	427,750—
4. Reserve Fund:					
(a) Assessed . . . . .	4,370—	2,620—	2,820—	3,070—	3,210—
(b) Brought Forward from Previous Years.	9,111.07	11,947.62	14,607.54	18,015.07	20,445.85
(c) Special Fund against Eventual Losses on Credits to Members. . . . .	16,466.84	2,266.06	2,366.06	2,366.06	2,366.06
5. Net Profit . . . . .	8,212.77	7,336.89	2,853.31	12,190.11	11,837.76
<b>Total Crs. . . . .</b>	<b>2,129,201.57</b>	<b>2,470,601.11</b>	<b>3,050,957.52</b>	<b>3,613,922.35</b>	<b>4,237,304.44</b>

TABLE XIII. — Total Business Done by the Industrial Agricultural Syndicate of Trent, in its First Thirteen Years.

Year	Members		Contributions		Assessments		Guarantee Fund		Cash		Rural Bank's Loans		Goods		Invoices
	Paid	Due	Paid	Due	Paid	Due	cts.	cts.	Revenue	Expenditure	Revenue	Expenditure	Revenue	Expenditure	
1900	202	180	96	38	95,500	—	577,493.18	575,101.94	150,496.45	143,582.30	932,320.38	886,838.04	3,082		
1901	508	193	129	30	179,900	—	684,930.44	683,920.30	484,419.56	456,277.67	1,532,431.29	1,450,991.22	6,903		
1902	637	326	150	21	240,750	—	813,072.75	812,758.61	767,463.22	478,705.89	2,105,621.55	2,002,453.74	9,631		
1903	720	361	174	10	271,750	—	911,340.70	909,724.12	1,933,011.98	1,916,345.18	2,597,805.16	2,458,391.20	12,424		
1904	1,088	448	203	—	309,000	—	1,171,917.77	1,160,166. —	2,149,683.74	2,802,668.34	3,117,382.54	2,870,321.73	14,089		
1905	1,223	198	237	—	355,250	—	1,584,030.10	1,584,048.50	2,149,683.18	3,378,379.54	4,121,486.75	3,705,686.90	17,106		
1906	1,353	127	248	—	370,000	—	1,531,032.42	1,517,470.78	3,429,135.41	3,789,484.73	4,741,356.39	4,301,876.63	17,608		
1907	1,419	137	262	—	389,000	—	1,950,416.19	1,950,324.99	3,828,971.35	4,167,321.92	5,219,406.57	4,630,840.97	18,492		
1908	1,438	93	270	—	382,350	—	1,799,847.19	1,793,766.78	4,191,681.25	4,572,230.05	5,578,951.33	5,151,200.66	21,531		
1909	1,506	66	282	—	391,500	—	1,923,289.70	1,914,806.03	4,622,542.02	5,022,391.20	6,219,032.45	5,713,043.89	22,975		
1910	1,574	75	297	—	412,250	—	2,254,615.40	2,250,298.68	5,091,524.74	5,380,412.85	6,765,710.11	6,272,809.93	24,080		
1911	1,655	40	307	—	418,750	—	2,519,449.54	2,507,612.41	5,425,467.19	5,380,412.85	7,286,255.49	6,734,858.53	25,324		
1912	1,671	40	321	—	427,250	—	3,472,567.72	3,456,385.79	6,015,590.20	5,933,391.12	8,368,217.14	7,684,905.90	28,050		

The Industrial Agricultural Syndicate now has its own extensive buildings with large and convenient storehouses, splendid offices, modern cattle stalls, large courtyards connected with the railway and a numerous staff.

The syndicate owes its progress not only to the support of the associated co-operative societies which contribute to form its share capital as well as to its sales and hence to its gains, but also to the Catholic Bank of the Trent District and the Rural Banks which provide the necessary funds for its working on favourable terms.

#### § 4. MUTUAL INSURANCE.

We shall finally say a few words with regard to the livestock insurance societies. In the district of Trent, private insurance societies were first formed, with imperfect rules, without fixed annual premiums, but calls were made to meet each claim, and there was an obligation to take a proportion of the flesh of the dead or slaughtered animal corresponding with the amount assured. Other societies, on the same lines, only estimated the value of the animal at the moment of slaughtering, and, generally, all the societies had a rule relieving the member of any expenditure with regard to the treatment of sick livestock. As we know, in order that an insurance society may work well, it must be governed by rules which oblige the members to pay a fixed annual premium in advance (unless the cases of death are too numerous, when corresponding increases of the amounts are not to be excluded), establish a valuation on which the claim may be based, compel the member to take an active part in the work, and do not exempt him from any trouble or liability: the rules should also subject every member to strict supervision in regard to his treatment of his livestock, especially when sick.

In 1897 the three first insurance societies, with approved rules, were founded at Ala, Rovereto and Aldeno. In the mean time, the Provincial Council of Agriculture prepared other rules for the constitution of an association in every legal district to be placed under the management of a veterinary surgeon, who should not only treat the animals, but extend the knowledge of good principles of livestock improvement. The association should pay 90 % of the value in case of losses, provide medicines freely and have the animals valued once or twice a year, leaving the members free to replace their livestock, provided certain precautions are taken. Two insurance societies were founded on these principles at Trent and Vezzano in 1899, but they did not give the results expected, in fact, whether it were due to the small amount of supervision that could be exercised, as their spheres of action were too large, or the excessive expenditure incurred in the purchase of medicines, or, finally, because the members, sure of realising 90 %, found it more to their interest that their livestock should die, instead of remaining under treatment for a long while, even if certain of cure, it is certain that the expenditure increased gradually more and more and the premium, instead of remaining stationary about 1%, rose from year to year, till in six years it had become 1.8 and 2 %.

And yet in 1900 the District Agricultural Consortium of Riva founded a society for that district and immediately afterwards others arose, under the name of Catholic livestock insurance societies, in 9 other localities.

The difficulties these first societies had to bear revealed a whole series of defects and errors to be eliminated and overcome; it was seen that in associations for very large areas it was not possible to exercise effectual supervision; that by facilitating matters too much for the members the societies increased their expenditure disproportionately and the annual premium, as it could no longer be kept within the desired limits, became too heavy a charge.

Livestock insurance societies must have as limited as possible a field, so that every member may exercise the necessary supervision over the others; the societies must also call on the member to bear part of the loss so as to prevent owners abandoning a sick animal to its fate.

Finally, these small societies must be guaranteed by a provincial reinsurance institute; so that in case of numerous losses they will not be obliged to ask too high premiums or to contract debts by which their prestige and their existence are compromised.

On these principles, the Provincial Executive Committee in 1903 in fact drew up very simple model rules, with which a society was founded in every commune where there were at least 25 members with 100 animals to be insured.

The premium is 1 % per ann., to be paid in advance in two half yearly instalments, from date of the valuation; the society contributes 80 % in case of loss, leaving the cost of the treatment of the sick animals to be borne by the member himself.

The Provincial Council provides the societies with printed forms and the Provincial Executive Committee grants every society a subsidy of 200 crs. towards the cost of its installation; the societies may reinsure with the Provincial Reinsurance Institute, which advances the amount without interest and, if required, keeps the books of the societies adhering to it paying half the amounts of the claims in return for half the annual premiums as fixed in the rules, less the proceeds from the sale of the animals injured or compulsorily slaughtered.

Already in 1904, 15 societies were established governed by the provincial rules. The Society for Mutual Insurance and Improvement of Horned Cattle for the Communes of the Legal District of Trent, founded in 1899, as it was unable to exercise the necessary supervision, was subdivided into many small communal associations governed by the provincial rules. The same was done in the case of the Vezzano district society. In 1905-1906, 12 other societies of similar character were founded; every year new ones arise and all are working very well, so that many have succeeded in realising savings by no means inconsiderable.

The Provincial Reinsurance Institute, founded in 1907, by the Provincial Executive Committee on the model of that existing in Bavaria, also undertook the work of propaganda and the answering of all enquiries with regard to reinsurance: the Trent Division of the Provincial Council exerts



its influence in order that the individual societies may profit by the possibility of balancing their risks and securing themselves against disastrous years when the insurance premium far exceeds the ordinary rate of 1 %. The Provincial Institute has also a reserve fund placed at its disposal by the Province, out of which it meets the half of the claims it has to settle, when the half of the premiums received from the societies are found to be insufficient. The Provincial Institute occupies the position of a Federation, it is not a fiscal office, but rather a simple union of many societies.

The affiliated societies do not contribute to the expenses of the institute: these are met out of funds provided by the province.

The societies supervise the working of the Institute by means of an executive committee of 8 members, representing them.

## ITALY.

### AGRICULTURAL ASSOCIATIONS OF EMPLOYERS AND THE ECONOMIC INSTITUTIONS PROMOTED BY THEM.

#### OFFICIAL SOURCES:

- LE ORGANIZZAZIONI PADRONALI. PARTE I: LE AGRARIE, (*Employers' Organisations. Part I, Agricultural Associations*). Department of Agriculture, Industry and Commerce. General Division of Statistics and of Labour. Labour Office. Rome, Officina Poligrafica Italiana, 1912.
- BOLLETTINO DELL'UFFICIO DEL LAVORO (*Bulletin of the Labour Office*). Department of Agriculture, Industry and Commerce. Division of Statistics and Labour.

#### OTHER SOURCES:

- CONFEDERAZIONE NAZIONALE AGRARIA: L'organizzazione agraria in Italia. Sviluppo, ordinamento, azione. (*National Agricultural Confederation. Agricultural Organisation in Italy. Development, Organisation, Work*). Bologna, Stab. Poligrafico Emiliano. 1911.
- CONFEDERAZIONE NAZIONALE AGRARIA: ANNUARIO DELLE ASSOCIAZIONI AGRARIE ITALIANE, 1913-14. (*National Agricultural Confederation. Yearbook of Italian Agricultural Associations, 1913-14*). Bologna, Stab. Poligrafico Emiliano. 1913.
- DRAGONI C.: Il movimento di organizzazione di classe tra i proprietari ed i conduttori di fondi in Italia (*The Movement in favour of Class Organisation among Proprietors and Farm Managers in Italy*) In "Iniziativa del Re d'Italia e l'Istituto internazionale di Agricoltura", Rome, G. Bertero, 1905, pages 278 et seqq.

#### § I. ORIGIN AND PROGRESS OF THE AGRICULTURAL EMPLOYERS' ASSOCIATIONS.

In view of the extension of the association movement among labourers for the defence of their interests (1) and of the frequent recurrence of agricultural strikes with serious injury to agriculture, proprietors and employers of labour in Italy have found it necessary to unite in special associations, commonly called *Agrarie*, to oppose organisation by organisation, and to resist the often excessive demands of the Labourers' Leagues for better

(1) The number of labourers' leagues had risen, from 1,293 with 273,698 members (40 per cent of the whole number of organised working men) in 1907, to 2,626 with 408,148 members (47 per cent of the organised workingmen) on January 1st., 1912. See *Annuario statistico Italiano*, 2nd. series, vol II, 1912, p. 220.

terms and higher wages. Thus have arisen the land-owners' unions, the history of which may be divided into two periods, from 1901 to 1902 and from 1907 to 1908, at which dates economic conflicts were most frequent and most extended. In fact, in the first period the strikes numbered 850 and the strikers 369,577; in the second, the strikes were 580 and the strikers 374,619, that is a percentage of 36.06 strikes and of 33.73 strikers in the first period, and of 24.58 strikes and 34.21 strikers in the second, in the total number in each case in the decade. It may be said that the two periods above mentioned were specially remarkable for two strikes, "which seemed to include all the partial contests of the two years and were so long and violent that they appeared to the proprietors almost like an attempt at expropriation" (1). These were two labourers' strikes; that of Polesine in 1902 and that of Parma in 1908.

But while the first period was a time of formation, the second was almost exclusively one of transformation. The employers' organisations, rapidly constituted in view of the threatening attitude of the first great movements of the labour leagues, were almost rudimentary in form, and rather simple agreements among the larger proprietors than any firm and solid association. But in the second period, through experience gained in the contest, they became more complete, and better prepared for resistance: and they also extended their action from the field of mere resistance to that of prevention.

It was also in this second period that at the first National Agricultural Convention held at Parma (October, 1907) one of the largest associations of employers was formed; viz the *Federazione Interprovinciale* (Interprovincial Federation), and it was proposed to constitute a society of mutual insurance against strikes, while affirming the necessity of regulating labour contracts by law.

From 1908 to 1909, the strikes having diminished in number from 257 to 140, and the strikers from 136,346 to 46,576, the weaker organisations and those which had arisen in districts where the conflicts seemed definitely concluded, were dissolved or ceased working. The others formed numerous supplementary institutions for economic and technical ends in order to obtain for themselves a more secure and continuous existence. In fact in 1909, at the second National Congress at Bologna, the foundations were laid for a *Confederazione Nazionale* (National Confederation), as well as for mutual insurance societies against hail and against accidents in agricultural work. These associations began work in 1911.

The importance of the employers' associations attracted the attention of the Labour Office, which made them the subject of a special inquiry, the results of which were published in 1912.

(1) See the Report of the Labour Office, mentioned in our sources, page 26

§ 2. — THE WORKING OF THE AGRICULTURAL EMPLOYERS' ASSOCIATIONS  
AND THE DEFENSIVE MEASURES ADOPTED.

The *Agricultural Associations* are usually composed of larger and smaller proprietors and tenant farmers and for the most part, like the working men's syndicates, they exert their action in plains rather than among hills or mountains, where small holdings prevail.

This is the case in the provinces of Piacenza, Parma and Bologna.

The most active, that is, those in districts where the most frequent and the bitterest contests take place, have united and formed provincial organisations, in connection with the Interprovincial Federation or the National Confederation above-mentioned; but those which are least powerful and not very efficient for deciding on the methods and means of action to be adopted are isolated.

The chief function of the *Agricultural Associations* is defence, in which may be more or less directly included all the supplementary functions which keep the associations alive in periods of calm. Defence, therefore, is clearly the fundamental *raison d'être* of the agricultural associations, which invariably state in their regulations that their objects are the defence of individual property, freedom of labour, concord and co-operation between the classes etc.

The contributions of members are usually divided into two categories, ordinary and special; the first correspond with the systems of farming, with the area of the land, the crops cultivated, or the taxable *revenue*, and are utilised only for the current working expenses; the second serve the purposes of defence in the contests, often amounting to considerable sums and are levied in proportion to the requirements and the special circumstances for which they are assessed.

The number of the votes of the members depends on the amount of the contributions paid by them, so that the large proprietors and tenant farmers dominate the meetings in which the line of action to be pursued is decided and constitute the committees for management and administration. To these committees is entrusted the duty of treating with labour associations.

The means of defence possessed by the *agricultural associations* cannot be calculated with precision, because the numbers of members, and the figures of the ordinary balance sheets do not indicate their full strength, which in times of need is increased by specially constituted organisations.

It is also necessary to point out that the employers' associations are not so much intended to resist demands for improvement of the labourers' situation, which, are as a rule, examined by commissions appointed for the purpose, but rather to maintain discipline, as is needful in order that farms may be continuously and safely worked, and to oppose the interference of labourers in the technical organisation of production, as when they claim to limit the use of machinery, to fix the number of labourers, and to arrange the division and the methods of working etc.

The measures taken for resistance may be thus divided :

1st., those for prevention, so as to eliminate or reduce the causes of economic conflicts ;

2nd., those for defence, to be prepared at the moment of conflict.

In the work of prevention, which is extensive and various, may be mentioned first of all the work of some agricultural societies which seek to prevent aggravation of taxation on landed property.

More powerful, as a means of prevention, is the action of special banks promoted by the employers' associations themselves, of which we shall speak later, as they co-operate by means of credit in extending the number of small holdings and certain forms of agricultural contracts, for instance, of small leases and metairies and thus tend to diminish economic conflicts.

Collective labour contracts, especially for long periods, also assist prevention, and proprietors have repeatedly requested for these a guarantee fixed by law and binding the contracting parties. In order the more effectually to compel workmen to observe the contracts, some societies have had recourse to the formation of special guarantee funds, by means of stoppages from wages. Certain associations, especially those of the rice cultivators of Pola, Piacenza and Apulia, have increased the use of machinery. Though conflicts cannot by this means be either prevented or terminated, yet the need of labourers will be diminished, the losses caused by strikes will be limited and machinery may be substituted for the strikers.

The more strictly defensive action is based on solidarity amongst land-owners, expressed in the words in the regulations "one for all and all for one" and in the principle of considering an offence "committed against one as committed against all."

A very potent method of maintaining solidarity among employers' associations is that of requiring blank cheques from their members and the payment of fines for breaches of the rules or for acting in opposition to the decisions of the meetings or of the authorities of the society. The penalty must be fixed in proportion to the consequences of the breach of rule or to the number of hectares possessed by the offender.

The special contributions, to which reference has already been made, also serve to maintain solidarity. These are used for compensation for losses in times of contest or to defray the cost of defence. Such contributions are imposed by the associations of rice cultivators ; that of Novara fixes the maximum at 15 francs per hectare for proprietors, and 3 francs for tenant farmers.

The rule that offences committed against one must be considered as committed against all is enforced by the prohibition to employ workmen who have been dismissed for breach of contract or who have refused to work for others, as in cases of boycotting.

Among the most ordinary and direct means of defence in case of strikes is that to which rice cultivators' associations repeatedly resort, viz, the recruiting of free labourers, not yet numerous or important in Italy. In November, 1911, the Association of Novara resolved to form a considerable

group of these to be ready for any emergency. In the provinces of Mantua and Pola they have several times substituted strikers during various conflicts. The *Agraria Parmense* (Agricultural Society of Parma), has formed the largest group (664) into a Provincial Federation.

The few registry offices especially instituted to recruit labourers in times of need, and to find free labourers, are almost entirely inactive, owing to the distrust the working men, and also the employers themselves, have of them. On the other hand, in many places, the labourers' syndicates make vigorous efforts to secure the monopoly of the labour market.

But the systems and means indicated could not be efficacious in the more serious strikes, and they have often embittered the conflicts.

It was also necessary to dispose of sure and abundant funds in order to continue work even during strikes, to ensure the solidarity of small proprietors, and to be able to give up production or harvesting when absolute resistance was indispensable. The employers' associations have therefore constituted a mutual society against strikes, which intervened in the greater conflicts from 1908 to 1911, to compensate the injured proprietors. To this, as to other economic institutions formed by the agricultural societies, we shall devote a special section.

### § 3. THE NATIONAL CONFEDERATION AND THE INTERPROVINCIAL AGRICULTURAL FEDERATION.

These are the two chief associations of employers for mutual protection that need to be taken note of here.

The foundation of the older of these, *La Federazione Interprovinciale Agraria*, was proclaimed at the first Agricultural Convention held at Parma in October, 1907. It is a union of the most important associations of Emilia, Romagna, Lombardy and Venetia. Its aim is to decide on the best means of preventing conflicts, facilitating pacific solutions, regulating contracts between agricultural employers and employed, co-operating with administrative and political bodies for the defence of agricultural interests in general, and promoting insurance against losses caused by strikes.

From this confederation have sprung three mutual societies insuring against strikes, accidents and hail respectively; these we shall consider later on.

The *Confederazione Nazionale Agraria*, with its head quarters at Bologna, was founded in 1911, not in any way to substitute the *Interprovinciale*; its scope is much wider, as it groups together distant associations differing both in their forms and interests. It indicates to them the lines on which to maintain uniform action in regard to the more general questions concerning the defence of the rights of property and industrial freedom; for this purpose it unites the various associations in a common action and makes their

resistance more secure. It also aims at promoting economic action in the field of thrift, insurance and credit.

Agriculturists resident in communes where there is no confederated society may also enter the Confederation as associates, and they appoint a communal agricultural committee for each commune. The contributions of the adherent associations are in proportion to their funds.

This is not the place for us to give a full description of the work of this Confederation from its rise. It is enough to observe that in the disturbances which convulsed the provinces of Romagna, Ferrara and Vercelli, it in every instance represented the land-holders with the central Government, promoted meetings and agricultural congresses, especially that of the associations of employers of all Europe, convoked by it and the Italian Industrial Confederation combined.

#### § 4. ECONOMIC INSTITUTIONS PROMOTED BY THE NATIONAL AGRICULTURAL ASSOCIATION AND BY THE FEDERATED ASSOCIATIONS.

As already said, the agricultural societies of employers do not limit their task to resistance; they rather wait their opportunity to establish various institutions, both economical and technical, among their own members, in the interest of the latter. Of these bodies we shall now briefly speak:

(a) *Mutual Society for Insurance against Strikes*. Founded in 1907, on the initiative of the Interprovincial Agricultural Federation (1), it aims to make good damage from:

(a) the forced desertion of land before the sowing of seed; (b) loss or diminution of the products; (c) death or disease of cattle through neglect or want of proper care; (d) the greater expense in working the farm caused by economic disputes.

These losses are only compensated when caused "by unjust strikes, by boycotting or locking out". Compensation is also refused to the member who has culpably (by violation of a contract, arbitrary dismissal or maltreatment of one or more employees) caused or aggravated the conflict.

This society, like most others for insurance against losses, does not guarantee full compensation for the thing lost or damaged, but only 80% in a case of strike or boycott, and 90% in a case of lock-out, as it is desired that the employer should bear some of the loss himself.

The society derives its funds chiefly from the premiums of its members, in proportion to the value insured, according to a tariff varying with the place and kind of farming. It has a special fund formed, in part of the contributions of land-holding members, at the rate of 12 frs. per hectare and in part of those of tenant farmers, at the rate of 6 frs. per hectare.

(1) On this subject, see "*La Mutua-Scioperi, sue basi economiche e suo ordinamento*" by G. E. Sturani, Bologna, A. Garagnani, 1909.

To become a member, a candidate must belong to an association federated with the Interprovincial Federation; the adherent societies which are best able to meet risks and losses act as intermediaries between the Mutual Society and the individual associates. Its reserve funds at present amount to 1,500,000 frs.

(b) *Mutual Hail Insurance Society*. — This society, founded by the Interprovincial Federation, commenced its operations in 1911. The premium consists of two parts, the one fixed, the other variable, though always limited, and only demanded when the fixed premium is insufficient. The Society is in the habit of reinsuring the greater part of its risks in the "Excess Insurance Company, Limited" of London.

(c) *Accident Insurance Societies*. — From the time of their formation, the Employers' Societies have provided for the insurance of their labourers against accidents in their work.

With a few exceptions for certain classes (those working with threshing-machines, wood cutters and ploughmen), no one is obliged to be insured, as is the case with industrial workmen. But the employers have themselves felt the need of insuring their own workmen against accidents, and have formed special mutual societies for this purpose. The first of these was the "*Associazione fra gli agricoltori del Vercellese*", founded in 1901. In the following year, a co-operative bank was established there, transformed in 1904 (in consequence of the new law on accidents in work) into a consortium bank.

This provides compensation in cases of death, and permanent disablement, total or partial, for all labourers, whether fixed or working by the day, and also in certain cases of temporary disablement. The premium is fixed at five frs. for every thousand paid in wages. On November 10<sup>th</sup>, 1911, this bank of Vercelli had 654 members, insuring a total area of about 90,000 hectares, with 78,000 workmen.

In 1909, there was founded in Tuscany, on the model of the Mutual Society of Vercelli, the Rural Landowners' Mutual Bank with head quarters at Florence. This, on February 28<sup>th</sup>, 1913, had 531 members with 698 farms (with 100,372 persons insured) on a tract of 264,186 hectares.

The next society founded was the *Cassa Mutua Lombarda*, formed in 1910 by the Milan association of proprietors and farm managers, with its head quarters at Milan.

A fourth society arose at Bologna in 1911, modelled more or less on those of Vercelli, Florence and Milan. It shows a noteworthy simplification in the calculation of premiums, payment being made according to the area insured. In the three last working years, the premiums varied from lire 0.10 to 0.50 per hectare. This includes both compulsory insurance of labourers and voluntary insurance.

In case of work of special character and workshops for the manipulation or manufacture of agricultural produce, an extra premium is paid in proportion to the increased risks incurred.



Compensations granted for accidents differ according to whether the sufferer be subject by law to compulsory insurance or otherwise.

In the first case, the amount of compensation is equal to that established by the law; in the second, it is fixed as follows :

(a) in case of death ; 2,500 frs.

(b) in case of permanent total disablement, 3,000 frs.

(c) in case of permanent partial disablement' a percentage of 3,000 frs. in proportion to the loss of capacity for work.

Compensation for temporary disablement is not fixed by the tariff, but members may insure against such disablement by means of an extra premium.

(d) *Agricultural banks.* — Some of the employers' associations have also established agricultural banks. We may mention *La Banca Cooperativa dell'Associazione Agraria Parmense*, which grants loans only to its members but accepts savings deposits from outsiders.

The Bank limits its operations to agricultural credit, thus favouring the return to the land of a great part of the savings made on it. It was legally constituted on November 7th., 1908, as a limited liability society with unlimited capital, issuing shares at the nominal value of 50 frs. At its start, it had 196 members with a capital of 40,750 frs. On December 31st., 1913, there were 1,664 members with a capital in shares of 231,950 frs. and a reserve fund of 47,520 frs. The deposits held amounted to 3,072,395 frs. and the bills and acceptances to 1,979,861 frs.

We must also mention the *Banca delle Associazioni Agrarie di Rovigo*, established November 1st., 1911, with a fixed capital of a million frs. and a paid up capital of 97,755 frs. It is open for all business; it gives discount, loans and advances, accepts bills and coupons and receives deposits, paying 3 % interest.

On November 30th., 1913, its paid up capital amounted to 150,000 frs. and the total business of the bank to 1,807,760 frs.

(e) *Various co-operative and mutual societies in the neighbourhood of Parma.* — Also in this district the propaganda of the employers' societies in favour of co-operation and mutuality has had encouraging results. We shall mention two characteristic institutes :

The *Fondo di Previdenza*, a society of mutual aid for workmen, for the grant of daily subsidies in cases of illness, maternity, involuntary unemployment etc. Its members are of two classes, actual workmen who pay 10 centimes per month, and free contributors, such as, proprietors and agriculturists, who each pay 5 frs. per annum. The bank has at its disposal a capital of about 27,000 frs. increased, as well as by the above mentioned contributions, by 10 % of the annual profits of the Co-operative Agricultural Bank of Parma. During 1912, it granted about 270 subsidies, amounting to a total of 6,000 frs.

*La Cooperativa Agricola per la Trebbiatura*: at Fontanellato, the "Agrari" have formed a co-operative society for threshing grain, with shares of 50 frs. and they have been able to acquire two threshing outfits.

*Mutual Livestock Insurance Societies.* — In the province of Parma numerous societies of this nature have arisen on the initiative of the Parma Agricultural Association. They have given very satisfactory results.

(f) *Il Consorzio Macchine Agrarie di Ravenna.* — Promoted by the Agricultural Association of Ravenna, it proposes to acquire on its own account threshing machines for wheat, oats and rice etc. and any others that may be required, to employ such machines on its own account, and to take such initiative as may directly or indirectly tend to the development of agricultural machinery and of agriculture generally.

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## Part. II: Insurance and Thrift

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### FRANCE.

#### SOME FORMS OF MUTUAL INSURANCE AGAINST ACCIDENTS IN AGRICULTURAL LABOUR.

France has not yet solved the problem of insurance against accidents in agricultural labour by any law, but at the present moment many of the farmers are seriously considering their liability in case of accidents befalling those they employ. They are liable whenever an injured employee can call for the application of the general provisions of the Civil Code on account of the fault or negligence of the employer, as well as in the case of accidents occurring in the use of machinery in farm work (Law of 1899).

In the *Revue des Sciences Politiques* of February 15th., 1914, M. Daniel Zolla gives two interesting instances of the establishment of insurance societies to meet this liability.

The first is provided by the department of Vienne, where, in 1909, a certain number of farmers formed a mutual insurance society having it for its object :

1st. To insure agricultural employers against accidents during labour for which they might be considered liable and also to insure the farmers themselves and their families.

2nd. To offer paid employees security similar to that granted to factory employees by the law of 1898.

3rd. To establish a tariff varying with the method of farming, the class of farms and rate of wages in different districts.

This last paragraph requires some explanation, in order that a clear idea of the difficulty of the problem may be formed.

The contribution paid by each farmer insured must be in proportion to the risk he runs or causes other members of the society to run.

These risks evidently vary with the number of employees, with the more or less dangerous nature of the work, and with the rate of wages, for these must serve as a basis for the amount of the claims allowed, that is to say for the calculation of the risks for which the society accepts liability in place of the individual employers.

The amount of work (number of days' labour per hectare) varies with the kind of crop, that is to say, with the ordinary method of cultivation, as arable land, meadows, vineyards, gardens, woods, etc. etc.

In the Vienne Society, agricultural risks were classified under three heads:

A. *Ordinary risks.* — Work done with simple implements such as spades, pickaxes, pitchforks, wheel-barrows, and work done without tools.

B. *Serious risks.* — Labour performed with animals and simple machinery such as harrowing, ploughing, carting and risks in the care of animals etc :

C. *Extraordinary Risks.* — Labour performed with machines (worked by petroleum, steam or electricity), or by complicated machinery or apparatus, such as mowing, reaping, threshing etc.

The risks to be assigned to each class of farms were fixed after careful analysis of the labour connected with the different classes.

The principal classes of holdings dealt with were as under: arable lands; vineyards; market-gardens and nurseries; natural grass-lands; meadows and orchards; woodland and copses; moors, heaths, ponds... For each of these classes the rate of insurance per hectare was fixed as follows :

1 <sup>st</sup>	division: Arable lands . . . . .	fr.	1.00
2 <sup>nd</sup>	"   Vineyards . . . . .	"	1.30
3 <sup>rd</sup>	"   Market gardens, & horticulture . . . . .	"	7.50
4 <sup>th</sup>	"   Grass land . . . . .	"	0.30
5 <sup>th</sup>	"   Meadows and orchards . . . . .	"	0.50
6 <sup>th</sup>	"   Woods and copses . . . . .	"	0.15
7 <sup>th</sup>	"   Moors, heaths etc. . . . .	"	0.10

This tariff is not applicable to risks incurred through use of machinery; for such risks there are private contracts and special tariffs.

Provision was made for the modification of the tariff under certain conditions or for certain kinds of farming. Special rates are charged, for instance, in the case of domestic servants, the rearing of male breeding stock or the exploitation of ponds. There is special insurance for proprietors of land cultivated by metayers, for cases involving the liability of both landowner and tenant.

The Vienne Society has also arranged for the division of profits or, to speak more exactly, for the division of the excess of the receipts over the expenditure; 25 % is assigned to the foremen, to encourage them in a stricter supervision to prevent accidents or abuses; 75 % is reserved for the benefit of those members in whose accounts the contributions show a net excess over any claims allowed to them. It therefore follows that each member has a direct personal interest in the reduction of the expenses of the Society.

The Board of Management has even decided to grant (after a period of trial) a reduction of his contribution to any member who will engage to grant his employees a share in the profits he receives. The employees will thus have an interest in the reduction of the expenditure of the Society.

The Society guarantees the following compensations :

1<sup>st</sup> ., In case of death, 1,500 fr.

2<sup>nd</sup> ., " " " permanent disablement, 3,000 fr:

3<sup>rd</sup> ., " " " temporary disablement, an amount equal to the half of the employee's daily wages.

The society also guarantees the expenses for medical attendance, medicines and funerals. Provision is made for the employer's liability insurance (in case of fault or negligence of the employer), by means of a surplus payment, in proportion to the maximum liability and fixed by the policy of each member.

For the security required by law and for the expenses of the initial establishment of the society, a sum of 50,000 fr. was subscribed under the form of bonds at 4 %, issued at 100 frs.

The following interesting details we reproduce from the report read at the general meeting of 1913:

The number of members and their contributions were as follows :

	Number of Members	Contribution Paid
On December 31 <sup>st</sup> . 1909 . . . . .	372	10,504 fr.
" " 1910 . . . . .	1,166	32,582 "
" " 1911 . . . . .	1,891	54,014 "
" " 1912 . . . . .	3,191	92,595 "

So we see that the Poitou Mutual Society has been very successful. The amounts paid for claims and medicines etc. were.

in 1909 . . . . .	1,408 fr.
" 1910 . . . . .	6,804 "
" 1911 . . . . .	18,464 "
" 1912 . . . . .	31,076 "

Altogether the Poitou Society has very happily solved the problem before it by appealing to the spirit of mutual aid and joint interest, which in this field only waits for the initiative of private individuals.

The Mutual Society in Sarthe was founded seven years ago, on a basis somewhat different, but not less worthy of attention

It provides: 1<sup>st</sup>., a special minimum amount only for the employees of an insured employer (he and his family being excluded) and only for medical expenses and medicines, and compensation solely for temporary infirmity or death; 2<sup>nd</sup>., for increasingly numerous risks incurred by the employer or his family, temporary disablement of his labourers or domestic servants through accidents in their work, similar disablement of the employer or members of his family, the employer's legal liability, and risks incurred through the use of machinery etc. The contribution increases with the extension of the insurance and the increase of the risks, and if the insurance is extended to include the employer himself and not limited to his em-

ployees. But the insured person may contribute according to his convenience, his personal resources and his special situation if it protects him from certain risks. The elasticity of these rules is very remarkable and well worthy of attention.

The following are the minimum premiums payable:

Per hectare of arable land . . . . .	fr.	0.80
"    "    " vineyard . . . . .	"	0.90
"    "    " meadow . . . . .	"	0.45
"    "    " wood or moor . . . . .	"	0.60

But the claims granted

up to 6 hectares . . . . .	amount to	»	10.—
from 16 to 12 hectares . . . . .	"    "	"	13.—
12 hectares and upwards. . . . .	"    "	"	16.—

Every special risk in addition, i. e. 1<sup>st</sup>, accidents to the employer or one of his family; 2<sup>nd</sup>, claims paid to the employees in consequence of temporary disablement; 3<sup>rd</sup>, claims paid to the employer or to any of his family for similar disablement; requires a supplementary payment:

Per hectare of arable land . . . . .	fr.	0.30
"    "    " vineyard . . . . .	"	0.35
"    "    " meadow . . . . .	"	0.15
"    "    " wood and moor . . . . .	"	0.20

Altogether the cost of the minimum insurance, together with the three supplementary payments above mentioned, is not very great. It does not exceed:

Per hectare of arable land . . . . .	fr.	1.70
"    "    " vineyard . . . . .	"	1.95
"    "    " meadow . . . . .	"	0.90
"    "    " moor . . . . .	"	1.20

For 6 hectares of cultivated land the total minimum contribution amounts to 19 francs, and for a farm of from 6 to 12 hectares it would not be less than 25 francs. This is an inconsiderable expense, if it is borne in mind that it includes the insurance of the employer and his family, as well as of his servants or his temporary employees.

Of course it is necessary to take into account the amount of the compensation granted in case of accidents. This amounts to 2,000 francs in case of death or of permanent and absolute disablement; to 1,000 francs in case of very serious accident, such as the loss of the use of a limb; to 500 francs for less serious injuries.

The daily rate of compensation immediately succeeding an accident which has caused disablement for more than three days, is as follows ; 2 francs per day for employers ; 1.25 fr. for their wives ; 1.50 fr. for male employees above the age of sixteen, and one franc for women.

In every case after the ninetieth day the allowance is reduced by one half, and ceases after 180 days.

The Society of Sarthe will not pay compensation in case of accidents resulting from " an intention to cause an accident " or from neglect of laws and regulations intended to ensure the safety of persons, and rules for the management of horses and vehicles. Nor will the Society undertake risks of accidents due to intoxication, madness, paralysis, quarrels, games or betting.

The services rendered by the Society of Sarthe are apparent from the extent of its transactions. Its characteristic feature is clearly the insurance of the employer, and it is therefore very desirable to ascertain to what extent employers have benefited by its provisions. The report presented to the general meeting of 1912 gives information on this point. During that year, out of 605 accidents, 287 were accidents to employers or their families. Claims were paid for disablement to the amount of 14,209 frs. and for medical expenses or medicines 9,580 francs were paid, making a total of 23,790 francs against 16,000 francs granted only to paid employees. On the whole, those who have chiefly benefited by this institution are the employers, generally small farmers. The department of Sarthe is in no way different from other agricultural districts as regards the distribution of the kinds of farms or holdings. It is therefore most probable, if not certain, that everywhere in France the small farmer would not only insure his labourers but himself, if there were a mutual society offering him the same advantages as those within reach of the farmers of Sarthe. This is an important suggestion which should be borne in mind.

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# Part III: Credit

## HUNGARY.

### THE PRINCIPAL RURAL LAND CREDIT INSTITUTES IN HUNGARY.

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In a former article (1) we observed that the Hungarian legislation on land credit attempted, by a system of liberty, to attract capital to investments benefiting landed property and to facilitate the foundation of financial societies to grant loans on mortgage at fair rates, not so much because obliged by legislative provisions, but because of the competition being open. The object of the restrictions imposed by the law was to guarantee the proper working of the institutes so that the land bonds issued by them might be well received by capitalists on the market. But this system of liberty, if it encouraged the foundation of land credit institutes, did not confer on the farmers all the benefits anticipated.

Under the circumstances, the legislature judged it expedient to intervene in behalf of rural land credit with the law XV of August 8<sup>th</sup>, 1911,

(1) See *Bulletin of Economic and Social Intelligence*, No. 1. January, 1913: "Outlines of Land Credit Legislation and Organisation in Hungary", pp. 101-111.

contributing to the foundation of the National Confederation of Land Credit Institutes, with which we have already dealt (1), together with the Hungarian Land Credit Institute, the "National Credit Institute for Small Landowners" and the "Central National Mutual Credit Society." This Confederation is an institution of public utility, which, in addition to providing credit, is bound by law to encourage the subdivision of land, home colonisation, the building of houses for agricultural labourers, the purchase of public grazing grounds and landed estate etc.

The Confederation must further promote dismortgaging by means of the life insurance of the debtor, in the manner already indicated by us (2).

We shall now complete our previous articles by some considerations in regard to the principal Hungarian institutes for the grant of land credit, which may be classified under the three following heads: *co-operative land credit associations*; *mortgage banks and banks for mixed purposes, limited by shares*; *mixed savings banks*.

#### § I. CO-OPERATIVE LAND CREDIT ASSOCIATIONS.

There are in Hungary three land credit institutions on co-operative lines: (1) The Hungarian Land Credit Institute, of Budapest; (2) The National Land Credit Institute for Small Landowners of Budapest; (3) The Land Credit Institute of Nagy Szeben.

1. *The Hungarian Land Credit Institut of Budapest* began work on July 1<sup>st</sup>, 1863.

It is an association of landed proprietors. The members are jointly and severally liable for the engagements of the society, in proportion, however, to the amount of the loans contracted by each. They manage the institute and are divided into two classes, foundation and ordinary members.

*The foundation members* are the 209 landowners who obtained the concession to constitute the Institute and, in conformity with the provisions in the rules, contributed to a guarantee fund of at least 1,000,000 florins in cash or in bonds and formed the original organisation of the Institute itself.

All the landed proprietors of Hungary to whom loans have been granted are *ordinary members*. In 1883, the Hungarian Government became an ordinary member on contracting a loan for 7,000,000 crs. on mortgage of real estate.

The guarantee fund formed by the foundation members amounted to 1,177,000 fls., but as the State has contributed 500,000 fls., it is now

(1) See *Bulletin of Economic and Social Intelligence*, No. 2, 1912. National Confederation of Land Credit Institutes in Hungary.

(2) Life Insurance as a Means of Promoting Dismortgaging and Acquisition of Land, in the *Bulletin of Economic and Social Intelligence*, August, 1912. pp. 129 et seqq.

3,354,000 crs. The foundation members were all nobles. The contribution was at least 5,000 fls.; 10 % paid up in cash and 90 % in bonds. These bonds were gradually redeemed as the reserve fund was formed, so that, in 1876,  $\frac{9}{10}$ ths of the guarantee fund had been returned to the foundation members. The last tenth is still retained and bears interest at 5 %.

The foundation shares can only be transferred with the consent of the meeting of foundation members, and the regulations with regard to this are very strict.

From the start, the founders had special rights in connection with the supervision and management of the institute. In 1880, the rules sanctioned a special *meeting of foundation members*, in addition to the other administrative authorities of the institute. This meeting has the right to submit three names to the Committee of Supervision (Board of Directors) for the choice of the managing director, to nominate 18 of the 36 members of this Committee and send a representative to vote at the general meeting. Of the ordinary members (mortgagers), only those who have contracted a loan of at least 100,000 crs. with the institute may vote at the meetings.

From the first, the State has favoured this institute, granting it facilitations in the matter of legal procedure (orders of August 2<sup>nd</sup>. and September 18<sup>th</sup>., 1863) and exemptions from stamp duties (order of June 15<sup>th</sup>., 1863) and recognising its bonds as securities in which minors' capital may be invested.

Besides this, the institute enjoys all the privileges granted to the Austro-Hungarian Bank by the Law XIV of November 29<sup>th</sup>., 1879, and the law XXI of 1876 rendered valid certain provisions in its rules not in accordance with the regulations for Co-operative Societies in the Hungarian Commercial Code.

The loans are granted to the land holders in the form of bonds up to an amount of not more than half the value of the land mortgaged. The debtor may choose the type of bonds he prefers and may claim that the institute must sell him its bonds, without charging commission. Each borrower must deposit 1 % of the loan received to form a special mutual solidarity fund. On the extinction of the loan, the amount thus deposited is withdrawn by the member, together with the simple interest accruing.

The borrower does not now contribute to the working expenses, but only a small amount (0.06 %) to the reserve fund. But at the start his contribution to the working expenses was  $\frac{1}{4}$  %.

In 1888, the institute conducted credit operations to facilitate the rectification of the course of streams and other works of farm improvement. In order to facilitate these operations, by law XXV of June 26<sup>th</sup>., 1889, the State exempted the bonds issued in this connection from stamp duty and other taxation, but fixed the rate of interest at not more than  $4\frac{3}{4}$  %, including  $\frac{1}{8}$  %, contribution to working expenses. The annuities due to the Institute were considered as preference credits, taking precedence of any other mortgage claim, and only yielding precedence to the State and communal taxes.

The Hungarian Land Credit Institute began its career with the issue of land and other bonds. The latter were given to land owners who contracted short term loans, for 15 % of the value of the mortgage if the loan was for 5 years and for 25 % if it was for 10 years. Up to 1870. bonds at 6 % had been issued up to the amount of 1,070,000 florins. The land bonds bore interest at 5 ½ % and were redeemable in paper. But since the paper circulation with its fluctuations in value affected the price of securities and they also had only a limited sale, in 1872 bonds were issued redeemable in silver in order that they might find purchasers abroad. In more recent years an attempt has been made to place land bonds redeemable in gold in Germany but it was not crowned with success.

The price of the bonds redeemable in paper varied in the ten years 1871-1880 from 81 to 87, so that the borrower had really to pay a rate of about 6 ½ % not including sinking fund.

On February 1<sup>st</sup>., 1877, the Institute issued land bonds redeemable in paper at 5 % and so reduced the contribution the borrowers had to pay to working expenses from ¼ to ⅛ % ; in 1880 it issued bonds at 4 ½ %, which were placed in Vienna and at Frankfort. In 1887 it began to issue bonds at 4 %. In 1895 the older bonds at high interest were converted, on payment of a premium, into bonds at 4 %. With this conversion, which was fully successful, was associated an issue of land bonds at 3 ½ %, which had already been decided on three years before and which was made abroad at the average price of 91.

The amount of the mortgage loans rose at the end of 1910 to 381,929,357 crowns as against 284,748,759 crs. lent in 1900. In addition to this on December 31<sup>st</sup>., 1910, the institute had conducted improvement credit business to the amount of about 75,000,000 crs.

At that date the institute had a special guarantee for its bonds in a reserve fund of 18,884,390 crs., for mortgage loans, another of 8,431,520 crs. for improvement loans and a mutual solidarity fund of 5,577,526 crs. The net profits accumulated since the foundation of the institute amounted to 14,426,795, crs. since the whole of the credit balance had to go to increase the capital of the institute even after the special reserve funds contemplated in the rules have been formed. Thus the total capital (including the contributions of the foundation members and of the State) amounted in 1910 to 48,655,641 crs., or 10 % of the Institute bonds.

We must finally observe that the Hungarian Land Credit Institute, in addition to land credit operations, also engages in other business, deposit business, discounting etc.

2. — *The National Land Credit Institute for Small Landowners* was founded at Budapest in 1879 and the State favoured its foundation with a grant of 500,000 florins.

The privileges, conferred by Law XXXIV of June 8<sup>th</sup>., 1871 on the Hungarian Land Credit Institute, were extended to this Institute. Here also we find two classes of members, foundation and ordinary members. The foundation members are those contributing to a guarantee fund with shares of 100, 500 or 5,000 florins. They are only liable up to the amount of

their subscribed shares. Of course the debtors are members with joint and several liability.

The foundation members have right to vote (1, 2 or 5 votes according to the number of their shares) in the general meeting of the institute, while the ordinary members have only one vote for every 250,000 florins lent them.

The management is entrusted to a president and a vice-president, elected at the general meeting, assisted by 3 councillors. Besides this board of management, there is a committee of 9 members for the examination of accounts.

The loans at first, might not exceed 12,000 florins. The limit was extended in 1883 to 20,000 and in 1887 to 40,000 florins: later on, in 1893 every restriction of the kind was abolished. Yet the work of the institute in behalf of the small landowners has been continually extended. Let us mention, in proof of this, that, in 1910, 54,977 loans on mortgage had been granted of a value of less than 12,000 crs. and only 3,025 for a larger amount.

The loans are granted up to half the value of the mortgaged land. But, with the object of offering the small landowners a larger credit, in 1905 the institute entered into a special agreement with the Central National Mutual Credit Society. The two associations have undertaken to grant loans up to 75 % of the value of the mortgaged property, the national institute granting loans for 50 % and the Central Society for the balance, 25 %. The Provincial Societies, which are divisions of the Central Society, act as intermediaries and sureties for the loans granted by the two societies mentioned above.

In addition, the National Institute, by Law XXXII of 1897, began granting loans for improvements and for home colonisation and, in 1911, in order further to extend this class of business, it took part in the foundation of the new "National Confederation of Hungarian Land Credit Institutes." At the beginning, the Land Credit Institute for Small Landowners issued land bonds at 5 ½ %. Since the payments into sinking fund and the contributions to working expenses were both 1 %, the annuities the debtors had to pay amounted to 7 ½ %. In 1886 bonds were issued at 5 % and in 1889 at 4 ½ % and at the same time the payments into sinking fund and the contributions to working expenses were reduced to the half. The debtor's contribution to working expenses was then reduced in 1893 to ¼ % and in 1903 an issue of bonds at 4 % was made.

It is just since this date that the business of this institute has been making rapid progress. The loans in land bonds rose from 69,995,670 crs. in 1904, to 157,798,706 crs. in 1910, while those in cash rose from 132,010 crs. to 409,781 crs. At the end of 1910, taking into account 11,000,000 crs. for improvement loans, one might calculate the total amount of the loans made by the institute at about 170,000,000 crs. The reserve fund increased from 6,415,618 crs. in 1904 to 12,391,149 crs. in 1910.

3. — *The Land Credit Institute at Nagy-Szeben*, founded in 1870 on the initiative of the Saxon Agricultural Association of Erdély (Transylvania), met at first with some difficulties, due partly to the poverty of the region in

which it had to work and partly to the formal exactions of the Hungarian Government for the better guarantee of its good working. But after the formation of a working capital of 100,000 florins, of which 30 % is paid up, the land bonds of the institute were admitted on the Pest Exchange (July 25th., 1872), and on that of Vienna (November 24th.) and the rules were approved in their first form by the Agricultural Department (September 6th., 1873). The Rules as amended on April 18th., 1876, in consequence of the Commercial Code coming into operation, define the co-operative character of this institute and its scope, which is that of facilitating the use of mortgage credit for its members.

In this institute, as in the two previously dealt with, we find two classes of members; the foundation and the ordinary members. The general meeting is attended, in addition to these two classes of persons, also by creditors, who are bondholders, and have a right to one vote for every 10,000 fls. worth of bonds issued, while the Saxon Agricultural Association of Erdély has a right to five votes.

The foundation members, who have subscribed shares to form the working capital, receive not merely the interest on these shares, calculated at 6 %, but also a dividend equal to the tenth part of the net balance for each working year. This dividend was, however, abolished in 1883 and the division of the profits was definitely regulated by the Rules of 1903, as follows:

Ten per cent of the net profits is placed at the disposal of the Erdély Saxon Agricultural Association. Another 10% must be distributed among the members of the board of management and the commissioners of accounts in the proportion established at the general meeting. Half the profits must be placed to the reserve fund. The balance, 30 %, may be used for purposes of public utility or to increase the reserve fund.

We have shown above that the initial capital did not amount to more than 100,000 florins, of which 30 % was paid up. But as the Law XXXVI of 1876 ordered that the issue of land bonds must be guaranteed by the formation of a special fund of 200,000 crs. to cover the obligations towards bondholders, and the Institute of which we are speaking had not the capital necessary for the purpose, it had to suspend the issue of land bonds for some years and provide for the demand of mortgage loans out of the money deposited with it by the local population. But in 1879 the guarantee fund required was already formed and then the issue of bonds was resumed.

The mortgage loans have always been granted and paid up to the full nominal value of the land bonds without taking into account the current price on the exchange, except for the deduction of 1 % for the reserve fund.

The period for repayment was at first very short and the conditions of the loans consequently rather burdensome. Thus, the loans granted in 1879 could not be for periods longer than 17 years and the annual instalments amounted to 9.5 %; in 1880 the term for repayment was prolonged to 27 years, and the instalments were 8.2 %. The business, therefore, only made slow progress up to 1885, when loans were made redeemable in 30



years and the instalments were reduced to 7.5 %. The conditions were modified successively in 1887 and 1893. In the latter year the instalments were fixed at 6 % for loans repayable in 40 ½ years. In 1903, the Institute also introduced a type of loan redeemable in 50 years.

The first issue of land bonds was made in 1876. Notwithstanding that these bonds gave right to interest at 5 ½ % and a premium of 20% at date of repayment, they were only quoted at from 66 to 69. It was therefore considered necessary to make a second issue at 6% and reduce the premium to 10 %. This succeeded perfectly ; the bonds in fact were quoted at 101. Then a third series was issued in 1881 redeemable in 27 years, at the same rate of interest, without premium and the bonds were quoted at 102.

The fourth series was issued in 1884 at 5 ½ %, redeemable in 30 ½ years. Since at that date the land bonds of this institute were accepted as security by the Government and the Austro-Hungarian Bank at Vienna, the prices continually rose, so that in 1887 there could be issued at par a fifth series at 5 % and in 1893 a sixth at 4 ½ %, both redeemable in 40 ½ years. In 1902 the seventh issue was made, at 4 %, but in 1909 it was necessary, when the eighth issue was made, to raise the rate to 4 ½ %. These two last series were redeemable in 50 years.

At the end of 1910, there were bonds in circulation to the amount of 70,636,800 crowns. The bonds at 4 ½ % had a nominal value of 56,667,900 crs. ; those at 4 % a value of 12,120,100 crs. and those at 5 % of 1,848,800 crs. At the same date the reserve fund amounted to 2,056,619 crs. (including the initial capital of 200,000, crs.), while the special guarantee fund for the circulation of the land bonds amounted to 3,700,007 crs. and the guarantee fund against depreciation of the bonds to 70,000 crs.

## § 2. MORTGAGE BANKS AND BANKS FOR MIXED PURPOSES, LIMITED BY SHARES

Of the pure type of mortgage bank, so wide spread in other countries, there is only one example in Hungary. Therefore we think it well to include in this section all financial institutes limited by shares, engaging, even if it does not appear so from their title, at once in mortgage credit and ordinary banking business.

1. — *The Hungarian Mortgage Bank at Budapest* founded in 1869, is the only mortgage bank that can be properly so called. It had not to limit itself to making direct loans to individual landowners, but to act as a central bank for other mortgage institutes and, in addition to that, to organise a system of insurance against losses in mortgage business.

The share capital was fixed at 2,000,000 florins, 600,000 fls. paid up. Every debtor had by the rules to pay 5 % of the amounts borrowed into a reserve fund or deposit securities or bonds for an equivalent amount. The fund thus formed was intended to cover losses in the banking business.

The first board of directors was not successful in carrying out the above programme and the special general meeting of February, 1881 decided on the complete reorganisation of the institute.

It was also decided that it must do communal credit business. Consequently, the share capital was increased to 10,300,000 fls. and a great impetus was given to the business of the society.

After 10 years' work, in fact, in 1881 the total lent amounted to crs. 7,188,851; in 1891 it had increased to crs. 36,854,605. At the beginning of its career, the bank granted rural mortgage loans almost exclusively; later it has continually extended its urban business, so that at the end of 1910 about 60 % of the business was represented by rural loans and 40 % by urban loans. In fact, at that date, of 278,805,946 fls. lent on the guarantee of mortgages 180,000,000 fls. represented value of rural mortgages and 122,000,000 that of urban mortgages.

The communal loans amounted to 306,045,033 fls.

In 1901 the Hungarian Mortgage Bank appreciably extended its influence on the Hungarian mortgage market by the purchase of the greater number of the shares of the New Hungarian Agricultural Credit and Improvement Bank, of which we shall now give some account.

2. — *The Hungarian Agricultural Credit and Improvement Bank* was founded at Budapest in 1895 with a capital of 24,000,000 crowns, under the form of a society limited by shares, with the object of favouring the interests of agriculture, increasing the means of communication, and promoting the formation of co-operative societies, extending credit and facilitating improvement works.

The progress of this bank has been rapid enough, especially since 1901. At that date the mortgage loans amounted to 28,633,189 crs.; in 1910 they had increased to 70,837,738 crs., of which 62,530,796 crs. represented rural loans.

This institute has also made communal loans (to the amount of 6,515,568 crs. in 1910), loans for the reconstitution of vineyards (for 11,860,336 crs.), loans for viticulture (11,863,200 crs.) and railway loans 27,517,600 crs.). The reserve fund amounted in 1910 to 2,795,683 crs.

3. — *Central Mortgage Bank of the Hungarian Savings Banks.* — The idea of founding this institute, realised in 1892, was due to the consideration of two points characteristic of the needs of mortgage credit in Hungary, on the one hand, the necessity of *decentralising* the land credit institutes in a country in which there are large rural regions not well provided with easy means of communication, and, on the other hand, that of *centralising* the issue of land bonds to facilitate their being placed on the large national and foreign central financial markets. It was precisely a large number of small credit institutes, savings banks, people's banks etc., that made provision for the foundation of this Central Bank with a capital of 4,000,000 crowns.

This Bank has rendered considerable services to the small local institutes, undertaking for them such mortgage loans as the nature of these institutes did not fit them for. The best proof of the success of this institution is

seen in the great development of its business, the amount of which is almost equal to that done by the National Credit Institute for Small Landowners. In fact, on December 31st., 1910, the mortgage loans amounted to about 164,600,080 crs., and the communal loans to 30,085,796 crs. The capital at the same date amounted to 20,000,000 crs; the reserve fund to 1,984,624 crs. and the special guarantee fund for land bonds to 8,620,454 crs.

The progress made by this institute has been favoured by various Government measures, the object of which is to facilitate the transfer of mortgages, the transmission of land bonds, and the grant of some fiscal facilitations.

4. — *The Hungarian Commercial Bank of Pest* was founded in 1845. At first it did not specially propose to conduct mortgage credit business. The foundation of the Hungarian Land Credit Institute suggested the idea of instituting an urban mortgage credit department in connection with the commercial bank.

Since the business of this department made little progress, as the conditions of the loans were too burdensome, in 1882 it was decided to include rural mortgage credit within the scope of the Bank. In that year an issue of land bonds was made at 5 %, which largely contributed to the progress of mortgage business. Before that date the institute had issued bonds at 6 and at 5 ½ %. In 1886 it began to issue bonds at 4 ½ % and in 1893 at 4 %. The progress of the business is seen from the following figures. At the end of 1910 the amount of the mortgage loans was 245,457,745 crs. and of this 82,303,810 crs. were secured on rural estate. At the same date, there were bonds at 4 ½ % in circulation, of the nominal value of 100,341,800 crs. and bonds at 4 %, of the nominal value of 146,857,600 crs. In addition to lending on mortgage, this bank had lent 236,594,941 crs. to communes.

A very large part of the business of this bank is commercial, so that it takes the third place among the large Hungarian banks limited by shares.

5. — *The Hungarian Discount Bank at Budapest* is of less importance for rural mortgage credit than the banks above mentioned. Founded in 1869 and reorganised in 1881, it only began its mortgage credit business in 1902, when it issued bonds at 4 %. In 1907 there was an issue of a new series at 4 ½ %. The mortgage loans in 1910 amounted to 74,331,531 crs., 28,862,933 crs. being granted in favour of rural estate. The amount of the bonds in circulation was 74,598,400 crs.

Some savings banks also call for mention among the land credit institutes.

6. — *The General Bank of Nagy Szeben*, founded in 1841, originally did not intend to conduct mortgage credit business. It began to do so in 1887. Through wise management, the mortgage loans made by this bank have now reached the comparatively large sum of 80,700,190 crs. The land bonds are for the most part of the 4 ½ % type (59,931,300 crs.).

7. — *The General Savings Bank of Brassó* founded in 1835, was transformed into a society limited by shares at the end of 1896, but its issue of land bonds only dates from 1901, so that in 1910 its mortgage loans only amounted to 31,139,326 crs.

Finally, of less importance are the "*Albina*" *Loan and Savings Institute*, founded at NagySzeben in 1872 by the Roumanian population of Hungary, with total mortgage loans amounting to 11,093,355 crs., the *Erdély Mortgage Bank*, founded at Kolosvar in 1891, with mortgage loans amounting to 7,096,914 crs. and the *Land Institute of the Erdély Savings Banks*, founded at Mediasch in 1862, with, on December 31st., 1910, mortgage loans amounting to 7,435,916 crs.

### § 3. MIXED SAVINGS BANKS.

Under this name we find ten societies limited by shares conducting financial operations of various character, but working chiefly as savings banks. They began gradually to issue land bonds as the increase of their loan business threatened to make it difficult to realise their capital promptly.

Some of these institutes have considerably developed their mortgage business, both by means of their own capital, and the issue of land bonds. But since these savings banks present no special interest in respect to their work as land credit institutes, we limit ourselves to mentioning their names, the year of their foundation, and their head quarters.

The savings banks we refer to are: 1st. First National Savings Association, founded at Budapest in 1840, which began issuing land bonds in 1882; 2nd. Hungarian National Central Savings Bank, founded in Budapest in 1872, which issued its first land bonds at 4½% in 1888; 3rd. United Savings Bank of Budapest (*Egyesült Budapest fővárosi takarékpénztár*) founded in 1846, which in 1874 began issuing land bonds at 6%; 4th. Budapest Savings Bank (Society limited by Shares) (*Belvárosi takarékpénztár R. T.*), founded in 1882, which began its mortgage business in 1895 with the issue of bonds at 4½%; 5th. General Hungarian Savings Bank (Society limited by Shares) founded in 1881 at Budapest, which began in 1904 to lend by means of issue of bonds at 4%; 6th. First Temesvar Savings Bank, founded in 1846, which made its first issue of bonds at 5% and 4½% on January 1st., 1889; 7th. Savings Bank of the City of Arad, founded in 1888, which commenced mortgage business in 1890 with the issue of bonds at 5% and a premium of 10%; 8th. Savings Bank of the County of Arad, founded in 1870, which began mortgage business in 1898, with the issue of bonds at 4½%; 9th. First Debreczen Savings Bank, founded in 1846, which began only fifty years later to issue bonds at 4½%; 10th. First Croatian Savings Bank, founded in 1846, which issued land bonds in 1903 at 4 and 4½%.

## § 4. CONCLUSION.

Summarising the principal impressions gained from the study of the organisation of land credit in Hungary we observe two characteristic facts, that strike the attention of the impartial observer.

First of all we must remark the large quantity of land bonds issued, representing about 70 % of the mortgage debt of Hungary, a proportion not attained in any other European country. This may be considered to be principally due to the regime of liberty established by the Hungarian laws on land credit institutes.

The other fact characteristic of the organisation of land credit in Hungary is the preponderance of the mixed financial institutes in proportion to the institutes limiting their action to mortgage business alone. In fact most of the institutes that issue land bonds are ordinary banks limited by shares and savings banks only partly engaged in mortgage credit business.

## SWEDEN.

### THE ORGANISATION OF SAVINGS BANKS IN SWEDEN AND THE INVESTMENT OF THEIR CAPITAL.

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#### § I. SWEDISH INSTITUTIONS FOR THE COLLECTION OF POPULAR SAVINGS.

Not later than the end of the eighteenth century did savings banks make their appearance in many countries. Their object was the safe keeping and profitable investment of money which its possessors could not and dared not invest directly in productive business. Up to that period, the employment of capital in industry, commerce and agriculture was relatively rare and uncertain. In modern times the necessity for capital has increased, and at the

same time the institutions for encouraging, collecting, and investing savings have multiplied. Saving is no longer the expression of individual forethought; it has become the result of collective effort. The working and lower middle classes put their collected savings into leagues for defence of their interests, mutual aid societies, co-operative societies for credit, distribution, building, etc., the moneyed classes into insurance companies and banks.

It becomes, however, more and more difficult to follow these various forms of accumulation, and to draw up statistics of the annual saving made by a nation. Nor is it always possible in the absence of adequate statistics to calculate the amount of the capital saved every year by the different classes of society, and to study the annual distribution of savings among the various investments. In many countries, Sweden among the rest, means are wanting for investigating questions concerning the interests of agriculture in relation to the savings banks.

In studying the question of saving in Sweden, as we have done in the case of other countries, it will be understood then that we must limit ourselves to the investigation of those institutions of which the working is directed or may be directed to the benefit of agriculture and the agricultural classes.

Except the savings banks, the institutions which are most important as collectors of the savings of the people are the people's banks and the deposit banks instituted by the ordinary banking establishments.

The ordinary and postal savings banks and the people's banks are the most important for our purpose, and of these we shall speak more in detail in the following paragraphs.

For the present we shall confine ourselves to giving a few notes on the savings collected by the ordinary Banking Establishments. These institutions, established as societies limited by shares to carry on real banking business, began in 1877 to compete with the Savings Banks. For the first twenty years the amounts they collected were inconsiderable, but they increased perceptibly during the following years. In 1911 the savings deposited in the banks limited by shares amounted to 303,107,000 crowns, and the average amount in each bank book was 369 crowns (1).

We can not, however, ascertain what classes have contributed to the formation of this capital and to what amount each class has done so, nor what proportion of the sums invested by each brings in a profit. It may, however, be affirmed, in view of the fact that these banks work in industrial and commercial centres, that the savings are made more especially by the urban population, and also that the greater part of the sums deposited by the rural population is absorbed in the business of the urban centres.

At the close of 1910, the total amount of the loans made by ordinary Banking Establishments with capital collected by them was 1,490,500,000 crowns, 947,000,000 crs. of which represented mortgage loans, and about 195,500,000 crs. loans on personal guarantee.

(1) The Swedish crown of 100 öre is equal at par to 1.389 francs.

## § 2. ORDINARY SAVINGS BANKS.

The first savings bank in Sweden was founded at Gothenburg in 1820. In the following year the Savings Bank of Stockholm (Stockholms Stads sparbank) was established, and during the following years of the same decade similar institutions arose in most of the provinces (Län), except in the north where there was nothing of the kind till towards the middle of the last century. These banks reached their fullest development in the province of Molmöhus at the southern extremity of the peninsula, where the population is most numerous (above 460,000 inhabitants) and most dense (about 91 per square kilometre in 1900) and where more than 80% of the area is arable. In this Lan in 1850 there were 14 large savings-banks.

The successive increase in these institutions is shown by the following figures giving the number of savings banks in both town and country at the end of each decade from 1830 to 1910.

TABLE I. — *Number of Ordinary Savings Banks in Sweden (1830-1910).*

Year	1830	1840	1850	1860	1870	1880	1890	1900	1910
Town . . . . .	22	46	56	71	89	93	99	103	110
Country . . . . .	3	14	30	80	146	258	279	285	326
Total . . . . .	25	60	86	151	235	351	378	388	436

From 1820 to 1910, savings banks to the number of 521 were established, of which number 436 (83.68 %) still existed on December 31<sup>st.</sup>, 1910, which is a high percentage.

The greater number of savings banks in country districts is explained by the tendency of the rural population to remain independent of the cities. They are not so numerous in the cities where the density of the population might seem to require them, because of the competition of ordinary banking establishments, which find it especially convenient in the cities to collect savings. Nevertheless in 1910, twenty-six urban savings banks had 388 branches in the country.

In the northern provinces, owing to the sparse population, the progress of these institutions has been much checked.

But with increased facilities for communication and the growing wealth of the lower and middle classes, the proportion of savings banks to the population has increased. In 1830 there was a savings bank for every 115,523 inhabitants, in 1850 one for every 40,495, in 1880 one for every 13,007 and in 1910, one for every 12,666. If we include the 416 branches, there is now one bank for every 6,481 inhabitants.

We must now describe the origin of these banks, their economic and legal nature and the rules by which they are governed.



They were at first established on the initiative and in the interest of private persons, without any aid or intervention from public authorities. In 1828-30, Parliament granted some of them a credit in the National Bank. About 1840, some Chambers of Agriculture (*Hushällningssällskap*) promoted in their own provinces and under their own supervision the foundation of the first so-called provincial savings banks, of which the chief object was to be to collect the savings of agriculturists, especially in branches in the country.

Up to 1875 the idea prevailed in Sweden that the State should not attempt to legislate for such institutions lest their development should be hindered and the cost of their administration be increased. But since, in the decade including the year 1870, numerous banks had arisen, some of which had lost heavily for want of good administration, the idea of liberty up to then prevailing had to yield to the evident necessity of protecting the interests of depositors. Then came the law of 1875 which made it compulsory to give greater publicity to the acts of the administration. This law, however, in spite of successive modifications in 1888 and 1890 proved insufficient to guarantee the healthy development of the banks, and it was therefore superseded on July 19th., 1892 by a new law still in force except for an amendment introduced by law of May 25th., 1905 § 15.

By the law of 1875 it was enacted that the savings banks, as they were given the character of institutions of public utility, must not pay dividends.

The above character was preserved by the law of 1892, by which it was declared essential that these banks should not divide profits among the founders or their heirs.

The whole of the profits must go to the reserve fund, but, should this rise above 10% of the savings, the Board of Management may appropriate the surplus to increase the interest to depositors or to any other purpose considered such as might stimulate economy, especially among the poorer classes. Where the rules permit, the Board may, with the concurrence of the directors, assign one half of the net profits to some benevolent object or to a work of public utility.

These banks may not undertake any other debit business than that of receiving money at interest and paying it out on demand.

A bank may not be established by fewer than twenty Swedish citizens, with the permission of the competent authorities in the district where it desires to work. Except in special cases, the initial capital must not be less than 2,000 crowns.

The administrators (*Hufvudmän*), numbering from 20 to 50, may be chosen from among the founders, and may become directors.

If the rules permit, the directors may receive an allowance to be paid out of the interest on the capital of the bank.

But the administrators, even though also directors, may in no case receive remuneration of any kind.

The rules regarding investments are of special interest. The banks must not acquire real estate, except in case of necessity as payment of a debt, and they must sell it again as soon as an opportunity offers.

Loans must not be granted for longer than ten years, except those made by royal authority to communes or public bodies.

It is not necessary that there should be a written receipt for the loan when it is guaranteed by the directors or by employees of the bank or fully secured on government stock, general mortgage bank bonds or other perfectly safe security, or a mortgage on rural or urban real estate for an amount of not less than half its value fixed according to the latest estimate. Such real estate must be insured against fire.

To ensure the regularity of payments even at times when the demands of the depositors rise, it is laid down in the law that at least one tenth of the savings must be invested in easily realisable personal estate or deposited in the Bank of Sweden or in some other bank, the rules of which have been approved by the King.

There are special rules for the control of the administration by the authorities, and for the deposit and withdrawal of savings.

In order that these institutions may be accessible to the greatest possible number of persons, married women and young persons above the age of 15 may do business with them without the authorisation of husbands or parents.

Each bank is permitted by law to fix the minimum and maximum amounts of deposits it accepts.

The minimum deposit authorised by the rules varies according to the bank, from 10 öre to 5 crowns. For the most part the minimum is fixed at 25 öre. There are, however, 40 banks which have fixed the minimum at 50 öre, 148 at one crown and one bank at five crowns.

The maximum has been fixed by 58 banks at from 2,000 to 3,000 crowns; by 14 banks at 5,000 crowns and by 86 banks at 100,000 crowns. In three banks the maximum is 50,000 crowns

The banks must not give up the right to notice of demand for withdrawal, lest crises should occur injurious to the creditors themselves, when these crowd for payment in moments of panic.

The banks are never permitted by Royal Decree to suspend payment even temporarily.

Notwithstanding the competition of similar institutions, such as Postal and Ordinary Banking Establishments, the ordinary savings banks have extended their operations, especially in the southern provinces where the population is densest and agriculture is most important in comparison with other industries. In 1910 there were in Sweden 1,560,317 savings bank books, and as at that date the population was calculated at 5,522,474, there were 10 books for every 35 inhabitants (1). At the same date the deposits amounted to 808,789,000 crowns, a considerable sum considering the wealth of the country, the number of the inhabitants and the existence of other institutes collecting savings. It means an average of 518 crowns per book. The rate of interest paid to depositors, generally above 4.50%,

(1) These figures are not absolutely correct, for in Sweden a person may have more than one book in the ordinary savings banks.

is high when compared with that paid by private savings banks in most of the European States. Notwithstanding this, the withdrawals in some years exceed the deposits. The following table shows the progress of the ordinary banks from 1860 to 1910 :

TABLE II. — *Progress of Ordinary Savings Banks from 1860 to 1910.*

Year	Number of Books	Deposits			Number of Books per 1,000 Inhabitants	Excess of Deposits (+) or of Withdrawals (—) (in 1,000 crowns)	Yearly Rate of Interest
		in millions of crowns	per Inhabitant (in crowns)	per Book (in crowns)			
1860 . . . . .	187,975	27.20	7	1.45	.49	+ 518	4.70
1870 . . . . .	353,867	57.30	14	1.62	.85	+ 7,390	4.95
1880 . . . . .	762,638	146.07	32	1.92	1.67	+ 4,469	4.85
1890 . . . . .	1,072,735	275.03	57	2.56	2.24	— 3,690	3.85
1900 . . . . .	1,228,930	437.39	85	3.56	2.39	+ 2,843	4.58
1910 . . . . .	1,560,317	808.79	146	5.18	2.82	+ 15,586	4.49

As these figures show, the absolute and relative importance of the deposits, as well as of the number of books, have increased considerably during the last thirty years, while the rate of interest, in spite of various important fluctuations, has on the whole tended to diminish.

As we know from the preceding section, the Swedish statistics do not show the distribution of depositors according to trade or profession. Though it is impossible to give exact figures, yet from a knowledge of the organisation and topographical distribution of savings banks in Sweden, it may be affirmed that a considerable part of the savings belong to the rural population. In fact of 436 banks existing in 1910 about 326 were in the country, and of those in cities many had founded branches for the agricultural population. These savings banks have serious competitors in cities in the ordinary banking establishments but, owing to the great difference in the rate of interest paid by private savings banks and that paid by the postal banks, there is no competition between them.

The statistics show the amount of the sums entered in the books ; it is seen from them that 75.4 % of the books contained, in 1910, savings not exceeding 500 crowns and 73.2 % of the total deposits was shown in books in which the amounts exceeded 2,000 crowns.

If we inquire how the ordinary savings banks employ the funds at their disposal, including initial capital, reserves and all other sums in their hands, we shall find that, having full liberty ensured to them by law, they have made very profitable investments. They generally prefer mortgages, chiefly on rural property.

The following table shows that in 1910 the savings banks invested 56 % of their funds in mortgages :

TABLE III. — Investment of Capital by Ordinary Savings Banks.

Capital Deposited in Each Savings Bank	Bonds and Similar Personal Securities		Loans to Communies etc. on Bonds		Loans to Private Persons				Cash, etc.	
	Crowns	%	Crowns	%	On Mortgages		Guaranteed by Bills of Exchange		Crowns	%
					Crowns	%	Crowns	%		
Under 50,000 cor.	—	—	4,900.00	1.66	108,611.11	36.76	126,370.33	42.77	55,559.35	18.81
50,000— 100,000 »	3,300.00	0.16	49,867.50	1.95	779,317.78	37.16	1,000,542.75	47.72	272,761.37	13.01
100,000— 250,000 »	154,344.27	1.04	609,792.03	4.11	6,323,762.90	42.58	6,037,140.97	40.66	1,723,849.32	11.61
250,000— 500,000 »	202,326.10	0.62	893,950.34	2.76	13,993,632.01	43.18	13,710,352.11	42.30	3,610,443.14	11.14
500,000— 1,000,000 »	488,950.25	0.85	1,759,909.37	3.06	29,596,709.51	51.49	19,178,355.32	33.37	6,453,417.43	11.23
1,000,000— 5,000,000 »	15,431,239.63	4.82	15,598,232.76	4.88	171,365,376.38	53.57	68,168,173.84	21.31	49,346,893.22	15.42
Above 5,000,000 »	69,497,730.55	15.36	16,576,191.63	3.66	271,325,623.94	59.97	36,203,178.89	8.02	58,793,546.33	12.99
Total . . .	85,777,890.80	9.75	35,483,843.63	4.04	493,493,034.13	56.11	144,484,414.21	16.43	120,256,270.16	13.67

We are sorry we cannot give figures to show how much money is invested in mortgages on rural and urban estate respectively. But, considering how numerous are the private savings banks in country districts, it is probable that a large percentage of mortgages to private individuals is guaranteed on rural estate.

The preceding table shows that, the greater the capital of the savings banks, the larger is the proportion of funds invested in mortgages. This is easy to understand, since it is only when there are considerable funds to be administered that it becomes easy to organise a system of mortgage loans, especially of those redeemable in instalments, which at the same time best satisfy the requirements of the bank by supplying funds for exceptional withdrawals, and also serve the interests of agriculture. We are sorry not to possess, as in the case of other countries, facts to show the proportion of mortgages redeemable in instalments to the total number for every group of savings banks.

Loans on mortgages to private persons have become more important during the last thirty years; they represented 42.70 % of the total amount of funds administered in 1886, increasing to 51.54 % in 1890, to 51.37 % in 1900 and finally to 56.11 % in 1910.

But loans granted on personal guarantee have decreased in importance; they represented 30.76 % of the total in 1880, 24.64 % in 1890, 17.98 % in 1900, and 16.43 % in 1910. In thirty years this form of loan has diminished by one half. As regards loans to private individuals on personal guarantee it will be observed that the savings banks destine a greater or smaller proportion of their funds to transactions of this kind, according to the amount of the capital they have to invest. The smaller savings banks, situated in small centres where the solvency of borrowers can be more easily ascertained, grant a larger proportion of loans on bills of exchange than the larger banks. In fact, the banks with funds not exceeding 50,000 crowns invested in such loans 42.77 % of their funds in 1910, while those the capital of which was from 1,000,000 to 5,000,000 crs. invested in this way only 21.31 %; and banks with still larger capital only 8.02 %.

From what has been already said, it will appear that private savings banks invest the greater part of the funds at their disposal in loans to private individuals either on the security of mortgages or of bills of exchange. The highest percentage of such investments (85.48 %) is made by those savings banks which have deposits exceeding 250,000 crowns, but not above half a million. The smaller banks usually engage in personal credit business, and those with deposits exceeding 5,000,000 crs. almost exclusively in mortgage credit business to the very considerable sum for Sweden of 271,325,623, crowns.

### § 3 POSTAL SAVINGS BANKS.

In 1884 postal savings banks were founded to receive the savings of the poorer classes, more especially in those thinly populated parts of

Sweden where ordinary savings banks either were non-existent or very few in number (1).

They have entirely fulfilled their purpose. The ordinary savings banks in Sweden work successfully and have become institutions of public utility working without any idea of profit, so, in order to protect them from the competition of the postal banks, the deposits bearing interest in these latter were limited to 2,000 crowns and the rate of interest restricted to 3.60 %, that is about one crown per cent less than the rate of the ordinary banks.

The postal banks receive, in proportion to the number of inhabitants, a larger amount of savings in the less populous provinces where the ordinary savings banks are less active, and a less amount in the densely populated provinces where there are thriving private savings banks. In the last report of the postal banks we find that in 1911, exclusive of the city of Stockholm, the provinces of Norbotten (which according to the census of December 31<sup>st</sup>., 1911 had 1.5 inhabitants per square kilometre), Skaraborg (30 per sq. km.) and Kopparberg (6 per sq. km.) showed the highest figures for deposits (respectively 2,758, 2,774, and 2,739 crowns per 1,000 inhabitants), while in the provinces of Malmöhus (91 inhabitants per sq. km.) where the ordinary savings banks are more numerous and active, and Kristianstad (35 inhabitants per sq. km.) the average amounts of savings per 1,000 inhabitants were only 752 and 632 crowns respectively.

To throw further light on the character of the postal banks, it may be observed that in Sweden more than in many other countries, their work is subsidiary to that of the ordinary savings banks. They reached their highest development twenty years after their institution, receiving in 1904 deposits to the amount of 54,899,275 crowns in 571 824 bank books (against 600,000 crowns in 1,300,000 books of the ordinary savings banks) and declined in importance up to 1910, while the ordinary savings banks continued to increase in number, as shown by the following table.

TABLE IV. — *Number of Books and Amount of Deposits in the Postal Banks from 1884 to 1911.*

Year	Number of Books	Number of Books per 1,000 Inhabitants	Amount of Deposits (in crowns)	Amount of Deposits	
				per Book	per 1,000 Inhabitants
1884 . . . . .	79,513	17	827,641	10.41	178.20
1885-89 . . . . .	155,355	32	3,918,681	23.22	825.11
1890-94 . . . . .	300,346	61	20,417,231	66.49	4,222.07
1895-99 . . . . .	489,478	97	54,057,308	109.78	10,769.62
1900-04 . . . . .	571,824	109	54,899,275	96.02	10,561.64
1905-09 . . . . .	563,782	104	50,252,543	89.08	9,346.78
1910 . . . . .	557,337	101	46,253,411	82.99	8,376.29
1911 . . . . .	565,759	102	47,186,406	83.40	8,484.22

(1) From 1903, when the State under took the insurance of life annuities, the postal banks have been required to collect the premiums and pay the annuities.

The decline apparent from these figures is also shown in the excess of withdrawals over deposits since the year 1900.

years	Excess of Withdrawals over Deposits	
	crowns	%
1900	5,442,345	140.00
1905	2,621,033	122.50
1910	681,042	105.29
1911	631,060	104.90

This diminution of deposits in the postal banks is the more remarkable, because the number of post-offices authorised to act as savings banks has been increasing during the last few years; from 1,575 in 1884 to 2,652 in 1900, 3,245 in 1910 and 3,286 in 1911. These figures show that the postal banks which corresponded to 88 % of the post-offices existing in 1884, corresponded in 1911 to 99.27 %. And, as the deposits have diminished not only in absolute value, but also in proportion to the average amount entered in each book, we may conclude that the postal savings banks in Sweden, while their funds have decreased, have still a great economic and social mission. They leave to private savings banks the custom of those who can accumulate larger savings, and who seek for adequate interest, and devote themselves to the service of the poor who prefer for their small savings the greater convenience and security offered by the postal banks to the higher rates offered by the private savings banks. Where the latter exist, the postal banks, all organised on principles of public utility, confine their labours to poor and thinly populated districts, where they alone can aid the humblest classes of society in their efforts to save money.

It must also be pointed out that, in consequence of this, the cost of administration has increased and rose in 1911 to 296,845 crowns, and the average cost of every transaction is 35 öre, a figure which, however, cannot be considered high when compared with the expenses of postal banks in other countries (1).

The rules governing the Swedish postal banks must now be considered.

Of these one of the most important as confirming the social character of the savings banks and depriving them of any possibility of making profits, is that, as in similar institutions in nearly all other countries, the profits on their investments, after deduction of the interest to depositors and the cost of administration, must be exclusively appropriated to the use of the bank itself, and especially to its efforts to encourage saving among the poorer classes.

The deposits may be made in coin, in coupons of government bonds or in special stamps.

(1) See *Bulletin of Economic and Social Institutions*, no. 8, Aug. 1913, p. 195.

The minimum is one crown, the maximum on which interest will be paid is, as has been said, 2,000 crowns. Deposits in excess of this sum bear no interest.

Withdrawals may be made in every postal bank, after a special request has been addressed to the central office. There is no "saving clause", as in French savings banks, but the central office may fix a period for withdrawals which may extend to one month for amounts exceeding 500 francs. Withdrawals at sight may be made only in the offices in Stockholm.

Minors of 15 years of age and married women may make deposits and withdraw without authorization from their parents or husbands. The deposits and interest are guaranteed by the State. No person may possess more than one book.

In communes where there are no post-offices, the rural postmen may collect deposits and make payments. In 1910 the postmen so acting numbered 348. There were 1,393 schoolmasters and mistresses receiving the savings of their pupils in 1910.

In order to interest the officials in the extension of savings banks, they receive a commission of 5 öre for each book, and 5 öre more if the account is not closed within the year; 2 öre for each deposit, and 0.1 per cent on the total amounts, and 0.1 % on the amounts sent to the savings banks, if an account is sent in every ten days to the head office.

The rules as to the investment of savings bank funds are of special interest. The capital not required for current expenses is deposited in the State Bank. The funds not needed for withdrawals are invested in Swedish Government stock or in bonds of the General Mortgage Bank of Sweden, in both cases under State guarantee; or in bonds issued by communes with authority from the Government or by associations or institutes fully guaranteed by a commune duly authorised for the purpose by the Government, both as regards the reimbursement of the capital or payment of interest.

Should any capital remain uninvested, it may be granted as a loan to communes or private individuals on special security, or deposited in banks of which the rules have been authorised by Royal Decree, and which have capital and reserves amounting to at least 5,000,000 crowns.

We shall now see how the capital of the Swedish postal banks was invested on December 31st., 1911.

It amounted to 50,550,908.51 crowns and was thus distributed:

	crowns	% of the Total
Cash Balance, Credit, Advances etc. . . . .	306,104.89	0.61
Bonds and Interest . . . . .	36,078,097.02	71.37
Communal Loans and Interest . . . . .	10,304,435.08	20.38
Mortgage Loans and Credit in Banks . . . .	3,862,271.52	7.64
	<hr/>	<hr/>
Total . . . . .	50,550,908.51	100.00



Of 36,000,000 crs. invested in bonds, 20,386,290.63 crowns (43.02 % of the assets of the postal banks) were represented by mortgage bonds of the General Mortgage Bank of Sweden, the rest by communal and railway bonds. Five mortgage loans were made for the sum of 1,245,000 crowns, so that nearly half the capital invested by the banks was directly or indirectly set apart to satisfy, through the Mortgage Bank, the requirements of real estate, in great part, it may be said, of rural real estate (1).

#### § 4. PEOPLE'S BANKS.

Less important as receivers of the people's savings than the ordinary and postal savings banks are the People's Banks (*Solidariska Folkbanker*).

In consequence of the new law of 1903, which gives the name of bank solely to those institutions the regulations of which have been approved by Royal Decree, the people's banks, have been obliged to change their denomination for those of Credit Associations, People's Institutes, Savings Institutes etc.

Unlike the ordinary savings banks, these people's banks are not institutions of public utility, nor do they limit themselves to receiving savings; they receive deposits at long maturity and open current accounts with issue of cheques. There are 17 institutions which discount bills of exchange.

Their regulations, like those of the savings banks, must be approved by the provincial administrations.

At the end of 1910, there were 23 people's banks, of which two were urban and 21 rural; there were 18,394 depositors, whose savings amounted to 7,528,000 crowns. The minimum for deposits is fixed by the bank at from 25 öre to one crown, and in general there is no fixed maximum for the amount entered in each book.

The average rate of interest for 1910 was 4.428 %, lower therefore than that paid by the ordinary savings banks, and higher than that paid by postal banks.

The average credit in 1910 for each book, 409.28 crowns, is lower than the average amount deposited in the ordinary savings bank books, and higher than that in the postal bank books.

The savings deposited in the people's banks form 63.4 of their capital.

The nature of the transactions of these banks has an influence on the different investments, as shown in the following table.

(1) See in the *Bulletin of Economic and Social Institutions*, no. 11, November, 1913, an article by H. J. DANNFELT, on Agricultural Credit in Sweden, § 2: The General Mortgage Bank, its Organisation and Work.

TABLE V. — *Nature of Investments of People's Banks in 1910.*

Nature of Investments	Crowns	%
Cash . . . . .	275,551.44	2.12
Credit in other Banks . . . . .	755,271.67	5.80
Real Estate and Stock . . . . .	63,349.82	0.49
Bonds . . . . .	32,350.00	0.25
Shares and Personal Estate . . . . .	2,891.86	0.02
Bills discounted (in 17 Institutions) . . . . .	3,283,154.94	25.23
Loans on Mortgage of Real Estate . . . . .	3,509,555.12	26.97
» on other Mortgages . . . . .	903,846.61	6.95
» on Personal Security . . . . .	3,890,569.48	29.90
Credits . . . . .	202,433.73	1.55
Interest Due . . . . .	94,017.26	0.72
Total . . . . .	13,012,991.93	100.00

In the case of the people's banks also, we have been unable to ascertain how much capital has been lent in mortgages on rural property. We only know that nearly 27 per cent of the available funds were invested in mortgages on real estate.

Unlike the savings banks, the people's banks have invested 25.23 % of their capital in discounting bills, and only 0.27 % in communal loans and in purchasing bonds, shares and other securities.

## 2. THE MORTGAGE QUESTION IN SWEDEN.

## SOURCES :

RAPPORT ENVOYÉ A L'INSTITUT INTERNATIONAL D'AGRICULTURE (*Report sent to the International Institute of Agriculture*) by H. JUHLIN DANNFELT, Secretary to the Royal Academy of Agriculture in Stockholm; Official Correspondent of the International Institute of Agriculture.

STATISTISK TIDSKRIFT UTGIFVEN AF KUNGL. STATISTISKA CENTRALBYRÅN (*Review of Statistics, published by the Royal Office of Statistics*) 1913. no. 1. Stockholm.

In an article published in our Bulletin (1), Mr. H. Juhlin Dannfelt has shown how land registers and books are classified in Sweden, where there is no true cadastre for real estate.

It seems to us that it would be interesting to complete the information given in the abovementioned article, in connection with the question of land credit, by the addition of some notes on mortgage statistics in Sweden, and on the subject of mortgage debts in that country during the last few years.

Mortgages on real estate to be legally valid must be entered in the *land register* (*fästighetsböcker*) kept by the legal authorities. In these books are entered the changes in landed property through alienation, free or conditional transfer, registration or cancellation of real charges. Every year the judges must present to the Department of Justice a report of the mortgages which have been entered, renewed or terminated in the past twelve months.

No true census of the mortgage debt has ever been made and therefore it is impossible to ascertain precisely the amount of the mortgages on landed property.

Nevertheless, by means of the data contained in the annual reports presented to the Department of Justice, the whole amount of the mortgage debt may be calculated.

But, as has been observed in the case of other countries, the figures thus obtained cannot be regarded as absolutely correct, representing as they do, for various reasons, an amount greater than the true debt. Many mortgages are registered not as security for a loan, but for other real charges. It often happens that mortgages already terminated remain purposely uncanceled. In the case of mortgages redeemable by instalments no account is taken of repayments till all the debt is paid. Finally, as regards the whole debt on property, the statistics are incomplete, because the loans made on the security of funds belonging to the State are not included in the amounts entered in the land books of the courts.

(1) *Bulletin of Economic and Social Institutions*, November 1913. Agricultural Credit in Sweden. § 5. Real Estate Rights, Land Books and Land Registers, pp. 87-87.

A summary of the reports presented by each court to the Department of Justice is published by the Government in the Review of Statistics (*Statistisk Tidskrift*).

The following table, giving the latest data published, shows the debts on rural and urban land. But it must be remembered that the figures are only approximately correct, because among rural mortgages are counted those upon buildings used for other than agricultural purposes, such as factories etc. in the country. The amount of these mortgages can only be conjectured and there are no statistics of the value of the individual mortgages.

TABLE I. — *Mortgage Debts on Rural and Urban Real Estate.*

Year	Debts on Rural Real Estate			Debts on Urban Real Estate		
	Entered	Renewed	Expired	Entered	Renewed	Expired
	crowns	crowns	crowns	crowns	crowns	crowns
1901 . . .	84,264,006	91,937,481	18,207,518	70,205,914	68,957,696	10,418,481
1902 . . .	96,313,767	88,572,590	25,348,024	87,859,407	76,210,768	12,284,179
1903 . . .	123,354,800	98,993,543	33,669,414	112,139,995	75,031,282	15,643,121
1904 . . .	106,064,229	99,077,231	37,541,843	129,273,081	79,710,191	13,415,171
1905 . . .	117,947,242	114,100,613	26,638,329	130,352,322	88,681,073	14,545,988
1906 . . .	135,732,554	116,078,075	31,586,637	177,992,649	96,375,533	19,335,280
1907 . . .	162,497,646	131,627,523	39,584,603	183,225,178	118,719,884	23,028,616
1908 . . .	206,444,586	113,610,534	40,832,196	140,893,452	130,161,209	23,537,130
1909 . . .	169,469,948	138,936,867	35,322,182	105,971,682	116,055,839	21,254,644
1910 . . .	179,687,405	126,712,515	52,438,048	128,061,749	123,224,333	31,919,428

TABLE II. — *Mortgage Debts at the End of each Year.*

Year	On Rural Real Estate	On Urban Real Estate	In the Whole Kingdom
	crowns	crowns	crowns
1901 . . . . .	1,235,488,249	1,014,001,526	2,249,489,775
1902 . . . . .	1,288,654,659	1,082,250,256	2,370,904,915
1903 . . . . .	1,364,661,194	1,160,184,761	2,530,845,955
1904 . . . . .	1,410,504,010	1,271,824,717	2,682,328,727
1905 . . . . .	1,477,722,032	1,379,709,694	2,857,431,726
1906 . . . . .	1,566,751,138	1,525,893,312	3,082,644,450
1907 . . . . .	1,657,515,470	1,666,945,724	3,324,461,194
1908 . . . . .	1,789,677,074	1,764,038,358	3,553,715,432
1909 . . . . .	1,606,292,489	1,834,554,576	3,740,847,065
1910 . . . . .	2,002,260,391	1,625,176,101	3,627,436,492

These figures show that the mortgage debt in the ten years considered has continued to increase so quickly, that from 2,449,000,000 crs. in 1901 it rose to 3,927,000,000 crs. in 1910. To this increase rural property has contributed less than urban, as may be easily perceived by observing that between 1901 and 1910 the difference between rural and urban indebtedness almost disappeared. This is owing to the vigorous development of manufactures in Sweden during the last few years, causing a growing need of credit.

Of all the institutions engaging in land credit business, only the provincial mortgage associations give data which leave no doubt as to their interpretation. In fact as these associations act as intermediaries for credit to agriculture the sums they lend represent only debts on rural land.

Other institutions, such as private banks and savings banks, public and private, publish only the total amount of their credit, without distinguishing the nature of the real estate which is the security.

Insurance companies do not engage in rural credit business.

If we consider the loans granted by various mortgage associations between 1900 and 1911, we shall find that their increase has not followed the same ascending line as the mortgages on rural land. From 270,172,467 crowns in 1900 these loans rose to 291,204,605 crowns in 1911.

Hence it may be deduced that to the increase of rural mortgage credit during the last few years, private capitalists, savings banks, banks properly so called and other institutions collecting savings, have contributed in ever increasing proportion.

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## Part IV: Miscellaneous

### CHILE

#### THE LAND QUESTION AND COLONISATION IN CHILE.

(Continued).

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#### § 6. TRADE IN AGRICULTURAL PRODUCTS.

I. *Some General Remarks on Chilean Commerce.* — The geographical and economic conditions of the country, the distribution of its productive regions and the nature of its products (see § 1-5) are such that the commerce of Chile, both home and foreign, is of an active character. On the one hand, we have mining industry, and sheep improvement, furnishing products exclusively for exportation; on the other, agricultural products destined chiefly for national consumption and giving occasion for fairly extensive

(1) See the sources given in the first part of this article published in the preceding number of this Bulletin.

internal commerce. In the following table we show the state of the foreign trade in 1911 and 1912 :

Foreign Commerce	1911	1912
	in millions of gold pesos	
Exports . . . . .	331	377
Imports . . . . .	349	334

In 1912 the mineral products exported contributed about 336,000,000 pesos to the amount, and agricultural products only 40,600,000 gold pesos.

In 1912, the import amounted, as we see, to 334,000,000 gold pesos, and consisted chiefly of manufactured articles; cotton and woollen fabrics, machinery, industrial oils and paper being the most important. Chile imports, as we have already shown, (§ 5) a considerable quantity of live (horned) cattle from the Argentine Republic (in 1912, 10,700,000 gold pesos), besides raw sugar from Peru (in 1912, 6,100,000 gold pesos).

Foreign trade is carried on entirely by sea, except that with the Argentine Republic and Bolivia (1) amounting in 1912 to 18,200,000 gold pesos (7,400,000 in the case of exports, 11,200,000 in that of imports), and 500,000 gold pesos, respectively.

The following table shows the development of the maritime trade with foreign countries :

Shipping	1910		1911		
	Number of Vessels	Tons	Number of Vessels	Tons	
Entering Chilean ports	Steamers . . . . .	3,284	9,205,218	3,626	10,449,368
	Sailing Vessels	478	905,217	489	859,928
	Total . . . . .	3,762	10,110,435	4,115	11,309,296
Leaving ports . . . . .	Steamers . . . . .	2,653	7,442,069	3,021	8,593,069
	Sailing Vessels	438	782,309	397	710,857
	Total . . . . .	3,091	8,224,378	3,418	9,303,926

From these figures we may easily understand the vast importance of the shipping interest in the entire economic life of the country. The whole national production is directly concerned in it; fluctuations in prices of freight appreciably influence the returns for production, trade and transport. Agriculture is the most sensitive to the rise or fall in freight rates caused sometimes by fluctuations in exchange and the amount of cargo offered,

(1) An excellent line of communication by land with the Argentine Republic is offered by the Trans-Audean railway. In this way, the distance between Buenos Aires and Valparaiso may be accomplished in less than two days, but the tariff for goods is very high.

or artificially, through shipping rings. The Chilian mercantile marine is composed of only 162 vessels with a total of 95,000 tons and only engaged in the coasting trade; oversea commerce is all in the hands of foreigners. Now whilst many of the extractive industries are worked by foreign capital and their interests are bound up with navigation, agriculture is, on the contrary, simply national and independent of navigation. The shipping rings are often injurious to agriculture, one reason being that agricultural products must be exported at the right time. (1)

This state of things explains how Chilian public opinion ardently desires the formation of a strong national mercantile marine.

2. — *Foreign trade in agricultural products.* — As we have seen, the export trade in this branch in 1912, amounted only to 10.8 % of the total exportation thus distributed in 1911 and 1912 :

*Exportation of Agricultural Products.*

Products	1911	1912
	in thousands of gold pesos	
Animal . . . . .	21,010	20,769
Vegetable . . . . .	14,470	19,835
Total . . . . .	35,480	40,604

The most important articles are:

	1911	1912
	in thousands of gold pesos.	
<i>Animal Products :</i>		
Wool . . . . .	6,901	8,367
Leather . . . . .	1,921	2,949
Frozen Meat . . . . .	2,678	2,032
Shoe Soles . . . . .	2,035	1,762
Preserved Meat . . . . .	454	1,217
Honey . . . . .	476	337
<i>Vegetable Products :</i>		
Corn . . . . .	1,384	7,124
Oats . . . . .	1,589	2,367
Beans . . . . .	1,833	1,604
Nuts . . . . .	1,858	1,248
Barley . . . . .	1,802	1,053

(1) In Chile there are no large grain elevators.

The countries to which the greater part of the exports, both agricultural and mineral, are sent, are, in order of importance, Great Britain, Germany, and the United States. These three, in the same order of importance, are the chief countries exporting to Chile.

3. *Home Trade in Agricultural Produce.* — Whilst the exportation of agricultural produce is somewhat limited, the internal trade in this line is very considerable, because many of the localities which consume most are at a long distance from the centres of production. For we know that agricultural produce for general consumption is only cultivated in the middle zone, the northern zone chiefly producing nitre and the southern being pastoral, and thus depending on the middle zone for their supplies.

A large quantity therefore of agricultural produce must be carried far, and must pass through many hands. Agriculture is then the principal factor in the home trade and in the coasting trade etc.

Traffic between the various zones of production must evidently be carried on by sea. The physical conformation of Chili admits of only a limited development of railway lines (6,117 km.), except in the middle zone, which is agricultural and populous, where railways are indispensable for the transport of goods from the interior to the cities and ports.

Chief among these ports is Valparaiso, where the greater part of the cargoes for foreign countries are collected for transport by steam-boats. Other ports of importance for the coasting trade, are Punta Arenas, Iquique, Antofagasta and Tocopilla in the north; (1) Coquimbo, Talcahuano, Valdivia, in the middle zone; Puerto Montt and Ancud in the southern.

In 1912, the coasting trade amounted to a total of 517,400,000 gold pesos (253,700,000 pesos for imports, and 253,700,000 pesos for exports). In these amounts animal products figure for 56,000,000 pesos, vegetable for 229,800,000 pesos, wine and other drinks for 68,500,000 pesos. These calculations show that two thirds of the coasting trade consists in transport of agricultural products, either raw or manufactured.

As to the railway transport of produce, which in 1912 amounted to 7,520,000 tons, it is impossible to say how much of this could be considered as agricultural.

Trade in agricultural produce is carried on by means of many intermediaries. It is very seldom that the producer sells directly to the consumer even when selling wholesale, for agriculturists, who are large proprietors, generally hand over their produce exclusively to one dealer who undertakes to dispose of it, unless he purchases it on his own account as a speculation.

This explains how agricultural products and articles of food in particular are bought by the consumer at prices entirely out of proportion to those paid by the dealer to the producer. The following table gives an idea of the enormous difference.

(1) These are ports for sailing vessels carrying cargoes of nitre.



*Wholesale and Retail Prices of Various Vegetables on the Market of Valparaiso in the Winter of 1913.*

	Number per Load	Price of Load Wholesale	Wholesale Price per Piece	Retail Price per Piece
Cauliflowers . . . . .	900	100.00	0.11	0.75
Broccoli . . . . .	700 to 1,900	70.00	0.10	0.60
Turnips . . . . .	1,000	30.00	0.03	0.30
Lettuce . . . . .	3,000	120.00	0.04	0.20
Celery . . . . .	1,200	30.00	0.07	0.25
Gourds . . . . .	150	90.00	0.60	1.30
Carrots . . . . .	10,000	80.00	0.008	0.07

### § 7. RURAL LAND

1. *Land System.* — The present land system of Chili originated at the time of the Spanish conquest. The general, Pedro Valdivia, distributed among his companions in arms the territory conquered in the first half of the XVIth century. The portion of land assigned to each was called a *repartimiento* and the native (*indios*) population inhabiting it was called *encomienda*. He who had a share in the distributed lands had the right to make the people of the *repartimiento* work for his profit, but on his part he was obliged to keep them in subjection, and have them instructed in the Christian religion.

The bestowal of the land was made in a very rough and ready manner. As an instance, the conqueror, said to a favourite, "All the valley through which this river runs is yours". As land had no value whatever, for it was not cultivated and the yield from it was very little, there was no opposition made by the inhabitants. In this way, vast agricultural estates were formed, some of them extending from the Cordilleras down to the sea.

This system of concessions of land continued under the viceroys. Grants were made to men not only for their own lives but also to their immediate descendants, who, in their turn, obtained new concessions and so the concentration of large estates in the hands of single families continued.

About the end of the XVIIth century, some of these enriched colonists began to acquire titles of nobility and entail their estates undivided on their eldest sons to whom they transmitted their titles.

On the other hand, certain religious bodies, more especially the Jesuits, little by little, became very extensive proprietors through donations and purchase. Later, when the Jesuits were expelled (1767), their lands

were confiscated but though they passed from the public treasury into other hands, the area of the estates remained unchanged.

When the Republic succeeded the Viceroy's the State continued to make grants of land, and this has also occurred in recent times. (see § 5).

All this explains how in Chili large estates prevail, to which the State domains form a counterpart.

The State still possesses very extensive tracts in the nitre zone and the Magellan territory, half of which is still its property. Except for some areas situated in the southern part of the central zone (Araucania), the State lands are, however, not adapted for agriculture, but are generally nitrous, and a considerable portion has been ceded to large businesses founded for the extraction of nitrates, and in certain parts the State lands are suitable for sheep-rearing.

Of the State lands we are unable to give particulars, for not only is there no cadastre, but much of the land is still unexplored.

2. *Distribution of Rural Land.* — Notwithstanding the abolition of the *encomiendas* and of entailed estates, large landed properties still preponderate. It is not rare to find an estate of from five to ten thousand hectares. We are not here speaking of the grazing farms of the Magellan Territory, which are still more extensive. (§ 5).

We have not statistics sufficient to give an exact idea of the distribution of rural property.

According to a valuation made some years ago by the Department of Finance, the landed property would be distributed as follows :

Value in pesos	No. of Rural Estates	Value in pesos	No. of Rural Estates
up to 2,000 pesos	13,089	from 500,000 to 600,000 pesos	98
from 2,000 to 3,000 "	14,049	600,000 " 700,000 "	49
" 3,000 " 4,000 "	8,305	" 700,000 " 800,000 "	50
" 4,000 " 5,000 "	5,745	" 800,000 " 900,000 "	15
" 5,000 " 10,000 "	12,426	" 900,000 " 1 million "	30
" 10,000 " 50,000 "	11,458	" 1 million " 2 " "	74
" 50,000 " 100,000 "	1,912	" 2 " " 3 " "	23
" 100,000 " 200,000 "	1,145	" 3 " " 4 " "	3
" 200,000 " 300,000 "	487	" 4 " " 5 " "	2
" 300,000 " 400,000 "	267	" 5 " " 6 " "	10
" 400,000 " 500,000 "	151		
		Total . . .	69,988

Too much reliance should not be placed on the above valuation, which is certainly only approximate, considering that it was drawn up for fiscal purposes some years ago, when the value of landed property was much

lower than it is at present; yet the figures confirm what we have said as to the prevalence of large estates.

Let us observe that in the estates considered in this Table, State, municipal and ecclesiastical lands, which do not pay taxes were not included. If the calculation could be made, not of the value, but of the area (for which, however, we have not sufficient data), the proportion of small holdings would be still less, since the value of these per unit of area is notably higher than that of the medium sized or great estates.

3. *Increase in Value of Rural Land.* — Rural land has gone on increasing in value according to the demands of the home markets and the economic progress of the country.

Half a century ago, a *cuadra* (1) of good arable land, well watered, in the vicinity of the capital, was worth at most 400 pesos, and in localities more distant from centres of population it might be bought for even ten pesos. Twenty-five years ago, the highest price for such a holding would have been 1,000 pesos and the lowest 50. At present 5,000 pesos is not a rare price and there is not a *cuadra* of arable and irrigated ground that is not worth at the least 150 pesos, even if situated in the most remote districts. So, in the course of 50 years, we see that the value of land has risen in the proportion of 1 to 12. Admitting that the value of money is four times less now than it was then, the value of arable land has trebled in 50 years.

Naturally, there are great differences dependent on physical, social and economic conditions (proximity to centres of population, means of communication, systems of cultivation); but that which chiefly affects the price is whether the land be suitable for irrigation or not. Arid soil will only grow cereals and give small returns (see § 3). Yet if the arid soil is irrigated it doubles and triples in value in a few years, as is also the case where extensive cultivation is exchanged for intensive.

Land in the northern and middle parts of the central zone is the most valuable; then going southward we find the value gradually diminishes where certain arid tracts not yet cleared may be bought for 10 pesos per hectare.

We give some instances which occurred in 1912. In the district of Peñaflores about an hour by railway from the capital, a holding of 9 cuadras suitable for irrigation and adapted for fruit growing, with more than 2 cuadras and a half of vineyards and a dwelling house, was on sale for 70,000 pesos. In the province of Curicó, near a railway station, an area of 1,500 cuadras adapted for the cultivation of cereals, for hay making, and for the rearing and fattening of cattle, was for sale at 800,000 pesos. In the province of Osorno, far to the south, a property of 100 cuadras, suitable for irrigation and near a railway, might be had for 25,000 pesos.

(1) A *cuadra* of land is about a hectare and a half (or 15,651 sq. metres).

These prices, however, are for farms more or less cultivated; land not yet cleared, such as is found in the southern region, can only command much lower prices.

The sale of landed property is effected generally by the payment of a portion ( $\frac{1}{3}$  or  $\frac{1}{4}$ ) in cash; for the remainder, the seller takes a mortgage on the land with interest at 8%.

Purchase and sale of rural land is frequent, particularly in periods of national prosperity. But in all this, there is little part taken by the great mass of the labouring population, who generally feel no desire to rise or to attain to the position of landowners.

4. *Native Landed Property.* — We cannot pass over unmentioned a form of rural property which presents special characteristics; we refer to the land held by the aboriginal Araucanians in a territory south of the river Bio-Bio.

According to the census of 1907, there were about 100,000 descendants of the ancient Araucanians, a warlike people whom the Spaniards found difficulty in subjugating and the Chilean government only subdued after some severe fighting. Its dominion once firmly established, the State has provided for their gradual civilisation through pacific relations with the other inhabitants, cultivation of the soil and the possession of their own land.

To this end, the Government has made laws in their favour, one of which empowers a special Commission (*Commission radicadora de indigenos*) to grant to every father of an aboriginal family a piece of land (about 10-12 hectares), on condition that he live there at least for one year. He receives a title deed, but is forbidden to part with the land.

As these aborigines formerly possessed a great part of these lands in common (we do not speak of proprietorship, because there was no legal system) the law has established that they may be subdivided, consideration being taken, however, of the existing conditions.

This work is carried out very slowly. In fact, although the fundamental law was passed many years ago (December 4th., 1866) a great part of the aboriginal property does not legally belong to the occupiers. Much inconvenience in consequence arises, chiefly that, the ownership of the holder of a property not being recognised definitely and legally, it is not inalienable and not a few of the aborigenes have fallen victims to astute speculators.

The efforts to increase the number of small holdings by giving them to aborigines did not produce encouraging results, no doubt through the aversion of the *indios* from labour, their half wild state, their isolated life, and their resistance, often invincible, to civilisation. As already said (§ 1), the aborigines, now reduced to a small number, are destined to disappear altogether.

## § 8. LABOUR AND AGRICULTURAL CONTRACTS.

The natural consequence of such a division of landed property is that agriculture must be based on paid labour or remunerated under some other form.

In § 1 we have seen that the working agricultural population amounts to 220,000. To these we must add the labourers without fixed occupation (*gañanes*), about 240,000 in all. These live as day-labourers generally on the farms where they find work; so that those employed in manual agricultural labour may be computed at about 400,000.

Leaving out of consideration the small proprietors, as but a very small number of them may be considered independent — for most are compelled to hire themselves out to work for others to eke out the small returns of their own ill cultivated holdings — it may be said that the rural population is composed almost exclusively of labourers on wages and of contract labourers (*inquilinos*). In the northern part of the middle zone, more particularly in the province of Coquimbo, where cultivation is more intensive, there are, as well as the small independent proprietors, also *metayers* but the number of these also is limited.

Let us look more closely into the characters of these two groups of agricultural labourers, those in receipt of wages and those working on contract (*inquilinos*).

1. *Day labourers*. — These must be classified as Chilians and foreigners. The latter are skilled agriculturists, kitchen-gardeners, cultivators of fruit, and gardeners obtained by the great proprietors, especially from Europe, (Spain, France, Switzerland). Their wages are necessarily high, exceptionally so.

The native agricultural labourer is occupied in intensive cultivation under the guidance of an experienced agriculturist, generally a foreigner, or in the ordinary work of the fields, especially at harvest time. His wages are low and are paid partly in money, partly in kind. Taken altogether, their amount does not exceed a maximum of 2 pesos when board is not included, but it varies from district to district, and often from farm to farm.

The highest wages are paid in the provinces of Santiago and Talca.

The wages of agricultural labourers, though they have been gradually rising during the last ten years are, as we see, lower than in other countries. This is owing to historical reasons and also to the generally low rate at which labour is paid. When the Spaniards conquered the country, they compelled the native population to work for them without any payment whatever, but their food.

In consequence, even after the abolition of the *encomiendas*, wages remained low, for the manners and customs of the inhabitants had undergone but little change. The Chilian labourer of today is satisfied with a low standard of living, and feels no stimulus to attain social

elevation; his progress is therefore very slow. Though the quality of his work leaves much to be desired, he is vigorous, strong to resist fatigue and is attached to his employer.

2. *The inquilinos*. — The greater part of the rural population is composed of *inquilinos*, a class of contract labourers living permanently on the land. An *inquilino* unites the character of metayer and day labourer, and the class is found on almost every farm.

The common type of a Chilean farm (medium or large) is as follows; in the centre of the holding is the dwelling-house of the proprietor with various offices, sheds for machines, stores etc. On the larger farms the owner's house is often furnished with great luxury and every possible convenience, and here the owner generally spends the summer months, and returns to the capital or other large city for the winter.

Scattered over the farm are dwellings in which the *inquilinos* who have to do the farm work live with their families, generally miserable wooden or mud cabins of one or two rooms. However, of their own accord, proprietors are beginning to improve these habitations.

The *inquilino* is obliged to live permanently on the land and perform all needful work in accordance with the orders of the master or of his representative. In exchange he receives lodging, food, payment in money and plots of land which he may cultivate for his own benefit in his spare time, or which may be cultivated by his children or by outsiders.

The contract between him and his master is called an *inquilinaje*. It is a verbal agreement, and varies according to custom, in different localities and even on different farms. The system is patriarchal, continuing from generation to generation.

This contract is in use where extensive cultivation prevails. Vineyards, fruit farms etc. are thus cultivated. We shall now give an idea of this sort of contract. On a farm of 7,000 hectares, there are 200 families of *inquilinos*, with about 1,000 members. (1) The *inquilino*, head of a family, is obliged to make the following engagements :

(a) that he and his family will live and work on the farm.

(b) that he will provide that there shall always be an adult labourer (contract labourer) to work for the proprietor at a wage of 60 *centavos* per day.

(c) he himself or one of his family will always be with his own horse at the disposal of the master or his *representative* for whatever service may be required.

The proprietor on his part provides :

(a) a dwelling house ;

(b) wages of 60 *centavos* per day for the contract labour and wages of 1.20 pesos per day to other labourers (*voluntarios*) who live with the

(1) With regard to the expression contract labourer, it is used in opposition to that of "free labourer", applied to one who is not obliged to live on the land.

*inquilino* and work for the proprietor. These *voluntarios* may be members of the *inquilino's* family or strangers.

(c) the food of those who work for the owner of the farm, consisting of ordinary bread made of flour of 1 lb. weight and 1 lb. of beans cooked with fat.

(d) a hectare and half of land suitable for irrigation near the dwelling, which the *inquilino* may utilise for his own benefit.

(e) a hectare of land also suitable for irrigation, in a more distant part of the farm, for the exclusive use of the *inquilino*;

(f) two or three hectares of land not suitable for irrigation, for the cultivation of cereals, also for the exclusive benefit of the *inquilino*;

(g) grazing ground sufficient for 10 or 12 head of cattle, also on the farm.

The terms of this contract, verbal and varying more or less with local custom, which is the common form throughout the agricultural region, call for some comment.

Especially is there a contradiction between the *inquilino* pledging himself or one of his family to work on his master's farm, and the large concession of ground he is able to work for his own advantage. On this point, let us remember that this is no strict contract, for the master, on his part, cannot be very exacting in view of the scarcity of agricultural hands, and so permits the *inquilino* and his family to work on their own account. In practice, also, it frequently happens that the *inquilino* cultivates but a small part of the land granted to him; he has no desire to rise and is satisfied with what he gains by his daily labour.

As to the free labourers, they may be, as already said, members or relations of the family of the *inquilino* or strangers, who agree to live with him and work for him or for his master. When the free labourers work for the *inquilino* they do not, of course, receive payment or food from the master, but from the *inquilino* himself.

The contract does not hinder the *inquilino* from reaping considerable advantages on his own account, if he is capable, and has a numerous family. But, generally, as he has few wants, he is content with a miserable life and is without enterprise; so he prefers to inhabit a wretched abode rather than repair it or build a better.

In the farm population there is a kind of hierarchy. At the head is the landlord's agent, who selects from among the better *inquilinos* *mayordomos* or foremen, whose duty it is to transmit orders to those below them.

## § 9. COLONISATION.

From what has been already said, it is clear that the Chilean agricultural question is closely connected with colonisation. Let us see what has been done in this important matter.

1. *General View.* — Agricultural colonisation was one of the first tasks which the Chilean government proposed to undertake as soon as it was

emancipated from the Spanish domination. As early as 1817, the Supreme Director of the first free government, Don Bernardo O' Higgins, encouraged immigration from Ireland and Switzerland. In 1845, the first colonisation law was promulgated; in 1848 an immigration agent was sent to Germany, and towards the middle of 1850 the first German colonists began to arrive. In the province of Valdivia where these colonists settled, there was, so to speak, nothing but the soil; ten years later considerable progress was perceptible; agriculture and livestock improvement were prospering; there were farms and a beginning had been made in the exchange of produce with other countries and the establishment of certain factories. Valdivia is at the present time one of the most industrious and prosperous (1) of the provinces, and the descendants of the old colonists live in comfort. Valdivia, La Unión, Osorno, Puerto Montt are the most important centres.

Other immigrants arrived later, French, Swiss, Germans and Basques; by means of whom the government has established various colonies, the chief of which are Vittoria, Temuco and Imperial.

A new impulse was given to colonisation when the more fertile territories inhabited by natives (provinces of Malleco and Cantin) whose mode of life is truly primitive, were conceded for private enterprise. At present these two provinces are among the most progressive as regards agriculture, cattle-rearing and wood manufactures.

More recently, contemporaneo sly with the foundation of colonies on official initiative, others have been established by private enterprise, of which the chief and the most prosperous is that of "Nueva Italia" founded by Italians.

In order to attract again to their own country those Chilian subjects who at various times had emigrated across the Argentine frontier, the Government decided (1896) to found national colonies, offering grants of land to Chilians. Thus, in a short time, arose those centres in which, according to Perez-Canto, there are now 1,000 persons, each possessing 100,000 acres of land.

According to recent publications, the colonising work the State has undertaken has been as follows: in the provinces of Malleco, Valdivia, Llanquihue and Chiloé and in the territory of Magellan 437,045 hectares have been set apart for colonisation; besides this, in the last three provinces 2,740,493 hectares were sold for the same purpose and 20,234,000 hectares were granted to private enterprise for pasture lands. In the colonised districts there are 37 colonial centres, national and foreign.

2. *Systems of Colonisation.* — Of these there are two kinds: (a) national, that is of Chilian subjects; (b) foreign.

(a) *National Colonisation.* — This is regulated by the laws of September 14<sup>th</sup>., 1896 and January 18<sup>th</sup>., 1898. By these the Government is permitted to grant to families of Chilian citizens land to the extent

(1) This province is specially noted for agriculture, tanning and preparing skins, the manufacture of shoe soles, honey, beer etc.



o from 50 to 80 hectares, according to the province, to every father of a family, with 20 hectares in addition for every son above the age of twelve. The grantee must (a) be a Chilian citizen, (b) be the father of a family, (c) never have been convicted of crime, or misdemeanour and (d) be able to read and write.

He is bound to observe the following conditions ;

- (1) to respect the laws of the colony ;
- (2) within two years to enclose the land assigned to him ;
- (3) to cultivate personally at least half the land granted ;
- (4) to keep in good condition at his own expense the roads crossing his land, and the half of those bounding it ;
- (5) to give up at any time, without compensation, ground required for railways, public roads or bye ways to be constructed by decree of the authorities ;
- (6) not to part with his land nor to make any contract concerning it till he has a title to it as absolute possessor.

This title may be obtained by the colonist who is proved to have lived six years on the land, and to have fulfilled all the conditions, otherwise he loses the grant, nor can he claim compensation for improvements.

(b) *Foreign Colonisation.* — This is the more energetic and successful method.

The first legislation on the subject was a *Senatus-Consultum* of April 10th., 1824, offering facilities and land to every foreigner who should come to Chile to found establishments for the manufacture of hemp, flax, or copper or other raw material of the country.

Then came the laws of November 18th., 1845 of January 9th., 1851, of August 4th., 1874, January 13th., 1898 and September 1st., 1899.

We must distinguish between the relations existing between the public administration and voluntary immigrants and those between immigrants and colonisation agencies, that is direct colonisation and colonisation by means of agencies.

1. *Direct Colonisation.* — Between the government and the immigrant agriculturist who desires a grant of land a contract is made on the following conditions :

The colonist obtains : (a) that he himself, his family and his luggage shall be conveyed free of charge from the port where he lands to the colony, (b) 30 centavos per day for every adult, and 15 centavos for every son or daughter of his above the age of ten, from the day of his disembarking till he enters into possession of his land, (c) a grant of 70 hectares, with 30 in addition for every son above the age of twelve ; an allowance of 20 pesos per month for the first year, and a machine for uprooting tree trunks.

He pledges his word of honour and obliges himself on security of the goods he brings with him and will be granted :

(a) to establish himself with his family on the land assigned and to cultivate it for at least six years, during which time he will not leave the colony without permission from the competent authorities ;

(b) to restore everything advanced to him in money or implements within five years, paying one fifth of the whole sum each year beginning from the fourth year of residence ;

(c) not to part with implements or utensils which he has received without replacing them, with the consent of the manager of the colony ;

(d) not to sell or pledge under any form of contract the land entrusted to him, before having obtained full possession from the government ;

(e) to respect the rules of the colony and the regulations laid down by the government.

The government gives a title of absolute ownership to a colonist of whose conduct the manager of the colony gives a favourable report.

As security for the annual payments to be made by the colonist who has received full ownership, his land is mortgaged till the debt has been fully paid. Should he not observe the conditions, the contract is broken and the government is freed from all responsibility. Should this occur before the annual payments are made, the colonist must pay all that is due in one sum, and should he fail to do so the law is invoked.

If before sailing for Chile the colonist or his wife should have been suffering from any serious or contagious malady, they will be rejected and the contract becomes void.

For the present no grants will be made either to Chilians or to foreigners until the situation of certain colonists who have had concessions and have not yet received their portion of land has been regulated.

2. *Colonisation by means of agencies.* — This is the system generally adopted of late. The contract between the Government and the agencies is not clearly defined by law. It is merely stated (art. 11 of the law of August 4<sup>th</sup>, 1874) that “ to private individuals desiring to found colonies on their own account on native territory there will be granted 150 hectares of land in a level or undulating locality, or twice as much of mountain land, for every immigrant family from Europe or the United States, according to conditions to be fixed from time to time in the respective contracts by the President of the Republic. ”

Concessions of this kind are founded on special contracts made according to circumstances between the agency and the Government.

The Government must grant the land, the agency must bring to Chili a certain number of families within a given period.

We give here an outline of one of these contracts in order to show the relation between the Government, the agency and the colonist. All these contracts are expressed in somewhat similar terms.

For instance, in 1903 Mr. X. Y. obtained a concession of Government land, and agreed to settle on it about 30 agricultural families within two years from the date of the contract. Mr X. Y. had to form an agency to carry out the contract under the supervision of the Inspector General of Land and Colonisation in Chile.

To Mr. X. Y., for every father of a family introduced by him, the Government granted 150 hectares and for every boy above two years of age 75 hectares, as well as the ground necessary to construct a village

(*pueblo*). The colonists had to satisfy the same conditions as to morality, age and trade as those required from colonists engaged directly in Europe.

Mr. X. Y. had to pay the expense of the journey of the colonists from the port of embarkation to the land granted, and make the necessary advances for the installation of the colonists on the same scale as those made by the Government in direct colonisation. He had to guarantee that the colonists introduced by him would remain at least a year on the land assigned to them. As soon as the new centre of colonisation should permit, Mr. X. Y. with the concurrence of the Chilian government had to establish a school and the needful sanitary service.

If Mr. X. Y. did not fulfil his obligations, he was to forfeit the sum of 25,000 pesos given by him as security and the State would resume possession of the land, respecting, however, the rights of the colonists already introduced.

These are the essential features of the contract between the Government and the colonisation agencies.

The agency in its turn makes a contract with each colonist according to a given form, assigning to him a piece of land of inferior area naturally to that he obtains by the concession, because, the land rising in value by cultivation, that portion not distributed to the colonists constitutes the profit of the agency.

The contract defines precisely the rights and obligations of both parties, which may be thus indicated : the Society provides for the colonist, besides his journey from Europe, everything needful for cultivating his land and also means of subsistence till the first crops come in ; the colonist agrees to repay the agency in four annual instalments, the agency accepting a mortgage on the land as security.

In 1911 there were 26 concessions to agencies ; for most of these the time had almost expired without the families having been introduced. Other agencies had failed, and given up the attempt. Only a few could say they had succeeded.

In the same year (1911) nine concessions were withdrawn from agencies that had not fulfilled their contracts.

There are various causes for these failures ; many agencies declare that they were not able to fulfil their contracts as the land was not assigned to them, that they could not expel the former occupiers etc. Some have brought actions against the Government and not always unsuccessfully.

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In accordance with the above laws, more than one flourishing colonial nucleus has been founded; at present (1911) on land appropriated for the purpose there are 2,236 families consisting of 12,122 persons occupying an area of 135,169 hectares. The value of the improvements made is calculated at 8,797,000 pesos, but this is probably a very low estimate.

The Government now proposes to colonise the territory of Magellan also dividing it into small holdings. But the work has hardly been

commenced and in any case the colony would be rather pastoral than agricultural. We know that the best land has already been granted to large agencies (see § 5); perhaps when the present contracts have expired, and the land again becomes the property of the Government, efficacious measures may be taken.

#### § 10. NEW TENDENCIES OF THE AGRICULTURAL POLICY OF CHILE.

The various elements of Chilean agriculture have now been discussed and it remains to be seen what progress has been made, and what are the present tendencies of agricultural economics.

Considering the composition and character of the great mass of which the working population is composed, it is clear that agriculture can make no progress except with the aid of the large proprietors, supported by a wise policy on the part of the State.

Much has already been done by the large proprietors; it is owing to their efforts that a large portion of the middle zone has been placed under intensive cultivation, that new crops, agricultural machinery and to some extent artificial manures have been introduced (1).

To these changes the State efficiently contributed by the foundation in 1855 of the *Mortgage Credit Bank* (2), the effect of which was to secure a considerable capital for agriculture. By the aid of this, many great farms originally cultivated extensively and on primitive methods, have become model farms yielding large returns.

The *Sociedad Nacional de Agricultura*, of which a certain number of large landowners are members and which was founded in 1856, has also contributed largely to agricultural progress. Its object is to diffuse useful information and especially to purchase agricultural machinery etc. It has induced the Government to undertake the protection of agriculture, to arrange the conversion of the ecclesiastical titles into a land tax, and to abolish the export duties on agricultural produce, substituting for them import duties.

Thus extensive cultivation now gives better returns, and at the present time agriculture and agricultural industries are very prosperous. The proof of this is the rapidly increasing value of landed property.

But there are signs that the collective action of agriculturists is insufficient, and new necessities urge them to resort for the defence of their interests to other measures, which have been successful in Europe.

In his essay above mentioned, Señor Aldunate, Minister of Chili in Italy, says.

“ Production and trade are subject to monopoly and to the tyranny of foreign export firms, which purchase the standing crops, taking the lion's share in advance, and by means of shipping rings monopolise the transport of the produce to foreign markets.”

It may be added that the agriculturist who receives an advance from an exporting firm is obliged to sell it all his crop, the price of which is

(1) Only of late years have artificial manures, especially salt-petre, been used in Chile.

(2) See *Bulletin of Economic and Social Intelligence*, March, 1913 and March, 1914.

fixed at an absurdly low figure, before the current market prices can be known.

“ Now ”, continues Señor Aldunate, “ the remedy to be adopted is association among our producers and especially co-operation, so efficacious in other countries.

In Chile, at the present day, association and co-operative organisation are absolutely necessary for the agriculturists who lead isolated lives, in a dangerous state of ignorance.

An equally imperious and inevitable necessity which must on no account be overlooked is that of introducing land credit and agricultural insurance, which as yet do not exist in Chile. ”

These ideas have been favourably received in Chile and there is already in the country a movement in favour of co-operation and agricultural credit on a co-operative basis.

The press has unanimously supported this movement ; the National Society of Agriculture has encouraged meetings and lectures on the subject ; the “ Agricultural Social Week of Santiago ” and the District Agricultural Congress of Concepción ; both held in 1913, approved the following resolution by acclamation : “ The District Congress of Concepción recommends to the agriculturists of the country the study of agricultural co-operative credit on the Raiffeisen system, with the object of introducing it among ourselves, and thus contributing to the progress of our agriculture, and to the economic and moral elevation of our peasantry. ”

The State on its side seeks to encourage agricultural progress more especially through technical education and exhibitions of produce and cattle shows. The Office of Statistics has lately been re-organised, with a special department for agricultural statistics, which will probably be of great service.

But the efforts of the State in favour of agriculture cannot be efficacious, without the concentration of the various departments under one uniform management. They are all now independent, an arrangement not always successful.

As a remedy for these defects, a bill has been drafted for the creation of a Department of Agriculture, to carry out systematically and continuously the programme of agricultural policy demanded by the new requirements of the national agriculture.

# FRANCE.

## NEW VALUATION OF UNBUILT ON LAND.

(Continued.)

### PART II.

#### THE RESULTS OF THE VALUATION.

##### § I. GENERAL RESULTS.

	ha.	a.	c.
According to the estimate, the area of unbuilt on land now subject to the land tax is . . . . .	50,982,393.	65.	80
From which must be subtracted . . . . .	338,599.	61.	18
or areas dependent on buildings to which, in accordance with the provisions of the law of December 26th., 1908, no value was assigned, leaving an area of . . . . .	50,643,794.	04.	62
		frs.	—
with a total rental value of . . . . .	2,084,631.	537	
and a market price of . . . . .	62,793,054.	323	
		frs.	—
The average rental value per ha., for the whole of France was thus . . . . .		41	
and the average market price per ha. . . . .		1,240	

The averages for the departments, of course, vary appreciably. The highest are found in the Department of Seine, where the conditions are quite special. Thus, in the following pages, we shall leave the Department of Seine out of consideration.

As regards the other departments, the lowest rental value is reported for Basses-Alpes and Hautes-Alpes (7 fr.) and Corsica (8 fr.).

The rental value is

between	11 fr. and	20 fr.	. . . . .	in 5 departments
"	21 " "	30 "	. . . . .	" 20 "
"	31 " "	40 "	. . . . .	" 23 "
"	41 " "	50 "	. . . . .	" 11 "
"	51 " "	60 "	. . . . .	" 13 "
"	61 " "	70 "	. . . . .	" 4 "
"	71 " "	80 "	. . . . .	" 1 department
"	81 " "	90 "	. . . . .	" 2 departments
"	91 " "	100 "	. . . . .	" 3 "

Finally, the rental value is 138 fr. in Nord.

The lowest market prices are observed in Hautes-Alpes (198 fr.), Basses-Alpes (204 fr.), (Corsica 262 fr.) and Lozère (458 fr.); they vary,

between	501 and	750 fr.	. . . . .	in 12 departments.
"	751 " "	1,000 "	. . . . .	" 20 "
"	1,001 " "	1,250 "	. . . . .	" 17 "
"	1,251 " "	1,500 "	. . . . .	" 11 "
"	1,501 " "	2,000 "	. . . . .	" 15 "
"	2,001 " "	2,500 "	. . . . .	" 4 "
"	2,501 " "	3,000 "	. . . . .	" 2 "

The market price is exceptionally high in Nord, where it is 4,423 fr. These differences in value are due to the varying degree of fertility of the soil in the various regions and the greater or less facilities for the sale of the produce; they are also largely due to the very different proportions in which the various types of farm and kinds of holding are found in the different departments. It is especially to this latter cause we must assign the low averages of Hautes-Alpes, Basses-Alpes, Lozère and, Corsica, where 62 %, 55 %, 51 % and 39 % of the area valued is moorland.

Under these circumstances, the general averages arrived at, whether in the case of rental value or market price, can only serve as mere indications and, in no case, could they give a sure basis for the comparison of the estimates arrived at in the case of the different departments. A comparison can only be based on the results obtained for each type of farm.

## § 2. RESULTS ACCORDING TO TYPES OF HOLDINGS.

Before considering the results of the work of valuation from the three-fold point of view of area, rental value and market price of the various holdings, we must, in order to understand the following explanations, remember that the instructions of December 31st., 1908, with the aim of facil-

itating the operations, grouped the various types of farm under thirteen heads that is to say :

- 1st., Arable land,
- 2nd., Meadows and natural grass, permanent grass and grazing grounds ;
- 3rd., Orchards and farms for the cultivation of fruit trees and shrubs ;
- 4th., Vineyards ;
- 5th., Woods, alder plots, willow plots, osier holts etc. ;
- 6th., Moors, commons, heaths, marshes, waste land etc.
- 7th., Quarries, slate quarries, sandpits, peatmoss bogs, etc. ;
- 8th., Lakes, pools, ponds, horse-ponds, springs etc., canals not for navigation and areas in connection with them, brine pits and salt marshes ;
- 9th., Gardens other than pleasure gardens and land used for market gardening, floriculture and ornamental gardening ; nursery gardens etc.
- 10th., Yards, depositing sites, building sites, private roads etc.
- 11th., Pleasure grounds, parks, gardens, sheets of water etc. ;
- 12th., Railways, navigable canals and dependent areas ;
- 13th., Ground built on and rural buildings, courtyards and dependent areas etc.

Only the holdings included under the first twelve heads were valued, as article 2 of the law of December 26th., 1908 provided that no value should be assigned for the sites of buildings etc., of which the 13th group is entirely composed.

1st., *Area.* — Among the various types of holdings there are 23,725,083 ha. of arable land alone, nearly half the entire area of the holdings or more precisely 46.54 % ; next in area come the woodlands, 9,716,915 ha. (19.06 %) ; then, in descending order, moorlands, with 7,205,648 ha. (14.13 %) ; meadows, 6,912,508 ha. (13.56 %) and vineyards, 1,499,048 ha. (2.94 %).

The respective areas of these five groups of types of farm, comprising altogether 96.23 % of the total area of the holdings, are necessarily distributed very differently in the various departments, according to their geological formation, geographical situation, climate and economic regime. In this connection we may make the following observations.

The area of arable land exceeds 400,000 ha. in each of 17 departments, all to the north of a line from Rochefort to Annecy ; it is for the whole seventeen 7,815,980 ha. or nearly one third (32.93 %) of the whole area of arable land.

Woods extend over more than 200,000 ha. in 8 departments, in very different regions ; 4 of them in the east, 3 in the south west and 1 in the south-east. The wooded area in these eight departments alone is 2,361,893 ha. or 24.31 % of the total wooded area.

Let us observe that of the total area (9,716,915 ha.) of wooded land, 1,013,051 ha. are Government property. There are Government forests in all the departments, except Côtes-du-Nord, Dordogne, Lot, Lot-et-Garonne, Rhône and Haute-Vienne, and the territory of Belfort, but they are distributed in very unequal proportions, since Vosges has 56,077 ha. of Government forest and Loire only 3 ha.



The moors are particularly extensive in the south. To this region indeed belong the 9 departments, each of which has more than 200,000 ha. of moorland, making in all 2,525,904 ha. or 35.05 % of the total moorland area.

We find the largest areas of meadows, permanent grass and grazing-grounds in two groups of departments, the first consisting of Manche, Orne and Calvados, the second of Cantal, Saône-et-Loire and Puy-de-Dôme. The area of the meadows in these departments is 1,384,528 ha., which is 20.03 % of the total area of the groups.

The departments in which the area cultivated as vineyard is most considerable also form two groups, one consisting of Hérault, Aude, Gard, Pyrénées-Orientales and Var, the other of Gironde and Charente-Inférieure. In these departments there are altogether 691,388 ha. of vineyard, 46.13 % of the total area of the land under vines, of which there is none in 8 departments, that is to say; Calvados, Côtes-du-Nord, Finistère, Manche, Nord, Orne, Pas-de-Calais and Somme.

2nd., *Rental Value*. — The 2,084,631,537 fr., which the new valuation gives as the total rental value, is distributed as follows, among the various types of holdings :

Types of Holdings	Rental Value	Proportion
	of Each Group	of the Rental Value of Each Group to the Total Rental Value of the Holdings
	frs.	%
Arable Land . . . . .	1,089,628,966	52.27
Meadows, Natural Grass, Permanent Grass and Grazing Grounds . . . . .	447,648,701	21.47
Woodlands, Alder Plots, Willow-Plots, Osier- Holts etc. . . . .	172,523,221	8.28
Vineyards . . . . .	114,610,386	5.50
Gardens other than Pleasure Gardens and Land used for Market Gardening, Floriculture and Ornamental Gardening, Nursery Gardens etc. .	77,296,866	3.71
Orchards and Farms for the Cultivation of Fruit Trees and Fruit Bearing Shrubs . . . . .	45,718,095	2.19
Yards, Depositing Sites, Building Sites, Private Roads etc. . . . .	44,661,005	2.14
Pleasure Grounds, Parks, Gardens, Sheets of Water etc. . . . .	43,749,408	1.10
Moors, Commons, Heaths, Marshes, Waste Land etc.	31,212,961	1.50
Railways, Navigable Canals and Dependent Areas .	10,850,520	0.52
Lakes, Pools, Ponds, Horse-Ponds, Fountains etc., Canals not for Navigation and Dependent Areas, Brine Pits and Salt Mashies . . . . .	6,050,566	0.29
Quarries, Slate Quarries, Sand Pits, Peat Moss Bogs etc. . . . .	680,810	0.03
Total . . . . .	2,084,631,537	100.00

Yet in order to appreciate the relative value of the unbuilt on land in the various parts of the country we must consider the average per ha. assigned to it. We shall consider the results of the work of valuation from this point of view.

It has seemed advisable, in order that the explanations following may be better understood, to divide France into regions, based as far as possible on the geographical position of the departments, the character and fertility of the soil, the kind of produce and its value, the principal crops etc.

These regions, eleven in number, consist of the following departments. (The Department of Seine is not here considered) :

1st region. — Nord, Pas-de-Calais, Somme, Oise, Aisne, Seine-et-Oise ;

2nd region. — Seine-Inférieure, Calvados, Manche, Eure, Eure-et-Loire, Orne, Sarthe, Mayenne ;

3rd region — Ille-et-Vilaine, Côtes-du-Nord, Finistère, Morbihan, Loire-Inférieure, Maine-et-Loire ;

4th region. — Vendée, Deux-Sèvres, Vienne, Haute-Vienne, Dordogne, Charente, Charente-Inférieure ;

5th region. — Gironde, Lot-et-Garonne, Landes, Basses-Pyrénées, Hautes-Pyrénées, Gers, Tarn-et-Garonne, Tarn, Haute-Garonne, Ariège ;

6th region. — Pyrénées-Orientales, Aude, Hérault, Gard, Bouches-du-Rhône, Var, Alpes-Maritimes, Corsica ;

7th region. — Hautes-Alpes, Basses-Alpes, Vaucluse, Drôme, Isère, Savoie, Haute-Savoie, Ain, Jura, Doubs ;

8th region. — Haute-Saône. Territory of Belfort, Vosges, Meurthe-et-Moselle, Meuse, Ardennes, Marne, Aube, Haute-Marne ;

9th region. — Yonne, Côte-d'Or, Saône-et-Loire, Rhône, Loire, Puy-de-Dôme, Allier, Nièvre ;

10th region Cher, Loiret, Loir-et-Cher, Indre-et-Loire, Indre ;

11th region. — Creuse, Corrèze, Lot, Aveyron, Lozère, Ardèche, Haute-Loire, Cantal.

The average rental value per ha. for the five principal types of holding in each region is as follows :

Regions	Rental Value per Hectare (frs.)				
	Arable Land	Meadows etc.	Woodland etc.	Vineyards	Moorland etc.
1st region . . . . .	78	103	28	95	7
2nd region . . . . .	60	90	21	56	10
3rd region . . . . .	57	69	21	77	13
4th region . . . . .	38	60	14	49	6
5th region . . . . .	37	55	18	66	5
6th region . . . . .	34	55	8	86	2
7th region . . . . .	49	41	14	66	2
8th region . . . . .	24	55	24	118	3
9th region . . . . .	40	68	19	103	6
10th region . . . . .	36	57	18	69	6
11th region . . . . .	29	47	12	59	4
All the 11 regions . . .	46	65	18	76	4

When these averages are compared, we do not find extraordinary differences. The first region, indeed, shows the highest averages for arable land and meadows, a consequence of the quite exceptional prosperity it enjoys, owing to the nature of its soil, its temperate climate, its dense population and easy means of communication. The averages, while still high, fall progressively in the second and third regions, both very famous livestock improvement districts, the soil of which is also very fertile, but which are at a greater distance from Paris and are less well provided with railways. The averages for arable land and meadows are lower in the fourth, fifth and sixth regions; but the differences in the averages for these regions are not very appreciable. It will be remarked that the average for arable land is again higher in the seventh region, which includes the Rhone valley, but that for the meadows still falls, as in this region they are chiefly mountain pastures, the revenue from which is small. The eighth region has a larger area of arable land of inferior quality: this is why we find there the minimum average rental value for this type of farms; on the other hand, it has a very large number of good meadows, especially in the valley of the Meuse, and so the average for meadows rises. The ninth region, consisting partly of mountain land and partly of plains, occupies an intermediate position and in it the averages both for arable land and meadows are nearly the same as the general averages for the whole of France. Finally, the average rental values again fall in the tenth region, of which a considerable part, the plains of Berry and Sologne, is little productive, and they fall even more in the 11th region, composed of departments of comparatively small population, where the soil is often sterile, and communication is difficult.

Like that of arable land and meadows and for similar reasons, the average value of woodlands is very high in the first three regions, whilst it falls appreciably in the fourth. In the fifth there are many thriving plantations of maritime pines, along the shores of the Bay of Biscay, but, as it also includes the greater part of the Pyrenees, covered with forests, the exploitation of which is very difficult and little remunerative, the average only rises slightly. It reaches its minimum in the sixth region, owing to the fall in value of the principal kinds of trees of the district: evergreen oak, the bark of which, formerly, used in the tanneries, is now much less in demand, and chestnut trees, formerly cultivated, because barrel hoops were made from the wood and now more and more neglected since iron has been employed for the purpose. But in proportion as we go north we find the average rising rapidly; the rise, already very marked in the seventh region is especially noticeable in the eighth where there are many fine forests of folious and resinous trees. Finally, while less important from the point of view of forestry, the regions of the centre have also fine forests, with an average value equivalent to the general average for France, in the ninth and tenth regions, and falling a little below this average in the eleventh region, the economic conditions of which, as already shown are unfavourable.

There are not many vineyards in the first three regions; in some departments even there are none at all. The fairly high average value shown for them in the first region is due in some degree to the additional value given to holdings by their proximity to Paris. In fact, the value of the vineyards of the first region is highest in the department of Seine-et-Oise. Another cause also contributes to this, namely, that, as a rule, where vineyards are few their products are fairly often consumed in the district itself, where they are, consequently, in demand, and sold at remunerative prices. In the second region, where the first of the above causes comes less into play, the average falls rather considerably. It rises again in the third region, on account of the vineyards of Anjou, the wines of which are highly appreciated, and those of Lower Bretagne producing wines which are esteemed. Vineyards become more numerous in the fourth region, especially in the Charentes, where Cognac is made: however, the average value is low, wine farms having lost a great deal of their value since the ravages caused by the phylloxera. The average rises again in the fifth region, which includes the Bordeaux district, renowned for its vineyards, and again in the sixth, where vines are by far the most important crop. In the seventh region we find the same conditions as in the first three regions: wine being little plentiful there, it is sold at high prices; in addition, some of the wines of the region, those of Jura, Rhône and Drôme are much appreciated. In the eighth region, which includes Champagne, and the ninth in which Burgundy is included, we find the highest averages, due to the excellence of their wines and their world wide reputation. While considerably lower, the average in the tenth region is still fairly high, there being here also some good vineyards, those of Touraine, for example. Then it falls again in the eleventh region, which is of only secondary importance from the point of view of viticulture. Moorland, by its nature, as a rule, only gives an inconsiderable return and consequently the valuation of it presents little interest. We find the highest average rental value of this class of holdings in the second and third regions, where there are districts of livestock improvement, and the natural produce of the region can be easily utilised for feeding the animals and as litter.

3rd., *Market Price*. — As we know, the department of Direct Taxation not only established the rental value or net revenue of unbuilt on land, it also ascertained its market price at the same time.

Let us, however, remark that enquiry into the market price was not ordered by the law of December 31st., 1907, but only enjoined, for statistical purposes, in the Ministerial Instructions of December 31st., 1908. The information under this head, which has not yet been submitted to the double check of comparison with the estimate of the relative value and communication to the landowners, is not consequently as reliable as that for the rental value; but the information in the papers none the less is of great interest as evidence.

According to the results of the work of valuation, the market price of the holdings, amounting to 62, 793, 054, 323 frs., is distributed as follows among the various types of farm or holdings:

Types of Farms or Holdings	Market Price	Proportion
	of Each Group	of the Rental Value of Each Group to the Total Rental Value of the Holdings
	frs.	%
1. Arable Land . . . . .	32,937,368,427	52.45
2. Meadows, Natural Grass, Permanent Grass and Grazing Grounds . . . . .	12,983,659,261	20.68
3. Woodlands, Alder-Plots, Willow Plots, Osier Holts etc. . . . .	6,025,284,203	9.60
4. Vineyards . . . . .	3,047,398,802	4.80
5. Gardens other than Pleasure Gardens and Land used for Market Gardening, Floriculture and Ornamental Gardening, Nursery Gardens etc.	2,210,325,159	3.52
6. Pleasure Grounds, Parks, Gardens, Sheets of Water etc. . . . .	1,386,151,671	2.21
7. Orchards and Farms for the Cultivation of Fruit Trees and Fruit Bearing Shrubs . . . . .	1,224,118,044	1.95
8. Yards, Depositing Sites, Building Sites, Private Roads etc. . . . .	1,213,108,264	1.9
9. Moors, Commons, Heaths, Marshes, Waste Land etc. . . . .	1,143,110,254	1.82
10. Railways, Navigable Canals and Dependent Areas	432,687,280	0.69
11. Lakes, Pools, Ponds, Horse Ponds, Fountains etc., Canals not for Navigation and Dependent Areas, Brine Pits and Salt Marshes . . . . .	167,677,117	0.27
12. Quarries, Slate Quarries, Sand Pits, Peat Moss Bogs etc. . . . .	22,165,841	0.03
Total . . . . .	62,793,954,323	100.00

It is seen from the above table that the order of the types of farm is almost the same when they are classified in respect to their total rental value and when they are classified in respect to their market price.

When the market prices thus established are considered in connection with the areas, we obtain the following averages per hectare for the five types of holding occupying the largest areas ;

Arable Land . . . . .	1,388 fr.
Meadows and Natural Grass, Permanent Grass and Grazing Ground . . . . .	1,878 "
Woodland, Alder Plots, Willow Plots, Osier Holts etc. . . . .	620 "
Vineyards . . . . .	2,033 "
Moorland, Commons, Heaths, Marshes, Waste Land etc. . . . .	159 "

These averages are reached or exceeded :

In the case of Arable Land . . . . .	in 36	Departments
In that of Meadows and Natural Grass, Permanent Grass and Grazing Ground . . . . .	" 30	"
In that of Woodland, Alder Plots, Wil- low Plots, Osier Holts etc. . . . .	" 41	"
In that of Vineyards . . . . .	" 29	"
In that of Moorland, Commons, Heaths, Marshes, Waste Land etc. . . . .	" 46	"

It is in the Department of Nord, in which agriculture, as we have already had occasion to point out, is especially prosperous, that we find the highest average market prices per ha., in the case of arable land (4,332 fr.), of meadows (4,453 fr.), of woodland (2,283 fr.) and moorland (890 fr.).

The highest market price per ha. (6,058 fr.) for vineyards is reached in Marne, where the large Champagne vineyards are.

The following table shows the average rate of interest per ha. for the whole country as the result of a comparison of the market price and the rental value :

TABLE showing the General Results of the Work of Valuation for the Different Types of Holdings.

Numerical Order	Types of Holdings	Area		Rental Value		Market Price		Average Rate of Interest
		ha.	a. c.	Total	Average per hectare	Total	Average per hectare	
1	Arable Land. . . . .							%
2	Meadows, Natural Grass, Permanent Grass and Grazing Grounds . . . . .	23,725,083	21 41	1,080,028,966	46	32,937,368,427	1,388	3.31
3	Orchards and Farms for the Cultivation of Fruit Trees and Fruit Bearing Shrubs . . . . .	6,912,507	74 46	417,648,702	65	12,983,659,261	1,878	3.45
4	Vineyards . . . . .	743,339	23 15	45,718,095	62	1,224,118,044	1,647	3.73
5	Woodlands, Alder Plots, Willow Plots, Osier Holts etc. . . . .	1,499,947	31 26	114,610,386	76	3,047,398,802	2,033	3.76
6	Moors, Commons, Heaths, Marshes, Waste Land etc. . . . .	9,716,915	31 35	172,528,221	18	6,025,228,203	620	2.86
7	Quarries, Slate Quarries, Sand Pits, Peat Moss Bogs, etc. . . . .	7,295,648	28 05	31,212,961	4	1,143,110,254	159	2.73
8	Lakes, Pools, Ponds, Horse Ponds, Fountains etc., Canals not Navigable, and Dependent Areas, Brine Pits and Salt Marshes. . . . .	16,919	30 52	680,819	40	22,165,841	1,310	3.07
9	Gardens other than Pleasure Gardens and Land used for Market Gardening, Nursery Gardens etc. . . . .	176,040	93 75	6,950,586	34	167,677,117	952	3.61
10	Yards, Depositing Sites, Building Sites, Private Roads etc. . . . .	396,878	35 71	77,296,868	195	2,210,325,159	5,569	3.50
11	Pleasure Grounds, Parks, Gardens, Sheets of Water etc. . . . .	24,180	75 27	44,661,005	1,847	1,213,108,264	50,168	3.68
12	Railways, Navigable Canals and Dependent Areas . . . . .	108,139	27 93	43,749,408	405	1,386,151,671	12,818	3.16
		119,094	31 76	10,850,520	91	432,687,280	3,633	2.51
	Total of Groups 1 to 12 . . . . .	59,643,794	04 62	2,084,631,537	41	62,793,951,323	1,240	3.32
13	Areas occupied by Buildings, Farm Buildings, Court Yards and Dependent Areas . . . . .	338,599	61 18	"	"	"	"	"
	Total Area . . . . .	59,982,393	65 80	"	"	"	"	"

4th., *Statistics of Landowners*. — The work of valuation has provided the occasion and the means for an approximate estimation of the number of landowners. In order to arrive at it, the following course was adopted, each commune being taken in turn:

From the number of tax papers. . . . .		13,440,226	
Deduction has been made of the following, either as they do not correspond with landowners or correspond with those elsewhere considered:			
1st. Papers referring to collective holdings . . . .	583,841		
2nd. Multiple papers (that is those for a single landowner), (only one being retained) . . . . .	322,612		
3rd. Papers referring to landowners not resident in the commune under consideration . . . . .	5,727,454		
		<u>6,333,907</u>	6,333,907
Leaving a balance of tax papers corresponding with landowners . . . . .			<u>6,800,319</u>
Then in order to arrive at the real number of landowners, there were added to the above:			
1st. the number of joint landowners on the papers for collective holdings, not taxed separately . . . .	396,877		
2nd. The landowners not paying land tax in the commune where they are domiciled . . . . .	317,726		
		<u>714,603</u>	714,603
This addition, which was necessary as the corresponding papers had not been counted in the communes where the holdings were situated, raised the total number of landowners to . . . . .			<u>7,520,922</u>

It seemed desirable to compare the number of landholders arrived at in this way with the number of tax papers, the number of inhabitants and households, according to the census of 1911.

These comparisons give the following averages for the whole of France :

560	landowners	per	1,000	tax papers
195	"	"	1,000	inhabitants
756	"	"	1,000	households.

These averages naturally vary with the region. Thus, the number of landowners per 1,000 land tax papers is only 364 in Aube, and 399 in Yonne ; it is

between 404	and 500	. . . . .	in 19	departments
" 501	" 600	. . . . .	" 34	"
" 601	" 700	. . . . .	" 20	"
" 701	" 800	. . . . .	" 11	"

and is 857 in Morbihan.



The number of landowners per 1,000 inhabitants is only 22 in Seine and 90 in Seine I féerieure.

It is between	103	and	150	. . . . .	in	7	departments
"	151	"	200	. . . . .	"	15	"
"	201	"	250	. . . . .	"	25	"
"	251	"	300	. . . . .	"	23	"
"	301	"	350	. . . . .	"	9	"

It rises to 357 in Savoie, 352 in Gers and Haute-Savoie, 357 in Basses-Alpes, 364 in Ariège and 377 in Lot.

The number of landowners per 1,000 households is lowest in Seine (58) ;

It is between	323	and	500	. . . . .	in	7	departments
"	501	"	600	. . . . .	"	7	"
"	601	"	700	. . . . .	"	14	"
"	701	"	800	. . . . .	"	10	"
"	801	"	900	. . . . .	"	14	"
"	901	"	1,000	. . . . .	"	17	"
"	1,001	"	1,250	. . . . .	"	12	"

It rises to 1,282 in Lot, 1,291 in Lozère, 1,236 in Savoie, 1,364 in Haute-Savoie and 1,377 in Ariège.

### § 3 COMPARISON OF THE AREAS VALUED IN 1908 WITH THOSE VALUED IN 1851 AND 1879.

I. *Classification of Holdings.* — As the valuation of 1908, the results of which have just been given, was preceded by two general valuations in 1851 and 1879, it has seemed desirable to compare the information obtained on these three occasions, so as to be able to judge of the changes that have taken place since 1850 in the character of the farms and the fluctuations in the value of the holdings during the period.

The various types of farms were divided in to thirteen groups for the purposes of the valuation in 1908, while they were only divided into seven groups when the earlier valuations were made. It was therefore indispensable to adopt a uniform mode of classifying the holdings before a comparison could be made. With this object, the results of the three valuations were classified in six groups as follows :

Groups Formed for Purposes of Comparison	Group formed for the Valuation of 1908
1. Land of Superior Quality and Land Various by Cultivated . . . . .	(a) Orchards etc. (b) Gardens, other than Pleasure Gardens etc.
2. Arable Land and Land Valued in the Same Way . . . . .	(a) Arable Land. (b) Quarries etc. (c) Lakes etc. (d) Yards etc. (e) Pleasure Grounds etc. (f) Railways etc. (g) Land Built on etc.
3. Meadows and Grass Land . . . . .	(a) Meadows etc.
4. Vineyards . . . . .	(a) Vineyards.
5. Woodlands . . . . .	(a) Woodland belonging to Private Owners and Incorporated Bodies and not to the State.
6. Moorland, Commons, Pastures and other Uncultivated Land . . . . .	(a) Moors, Commons etc.

2. *Comparison of the Total Areas.* — The area of the holdings valued in 1851 was 47, 955, 329 ha., taking into account the loss of territory after the war of 1870-71. In 1879 the area was 50, 035, 159 ha., including the department of Corsica not included in the valuation of 1851, and the departments of Alpes-Maritimes, Savoie and Haute-Savoie, incorporated with France in 1860; in 1908 it was 49,986,743 ha., not including the State forests.

It is observed that the total area valued in 1879, exclusive of the areas in the four departments mentioned, was 17,245 ha. more than that valued in 1851. The area valued in 1851 again exceeds that valued in 1908 by more than 62, 738 ha. Finally, if we compare the areas for the whole of France in 1879 and 1908, not excluding Corsica, Alpes.-Maritimes and Savoy, we find a difference of more than 66,416 ha. in favour of the former year.

These differences, not very considerable in themselves, are due to increases and diminutions of the area of holdings, portions becoming subject to taxation or ceasing to be so; they are also to some extent due to the incorporation of real estate with the State forest domains, which, while still subject to taxation, are not included in the figures compared.

3. *Areas of Land of Superior Quality and Land Cultivated in Various Ways.* The results given by the three valuations, as regards these areas, may be summarised as follows (1).

1851 . . . . .	1,337,947	ha.
1879 . . . . .	1,398,758	"
	1,310,737	"
1908 . . . . .	1,140,218	"
	1,058,718	"

(1) As, in the valuation of 1851, Alpes-Maritimes, Corsica, Savoie and Haute-Savoie were not included, it is only possible to compare the results given by it with those given

As we see, the areas of this group have decreased as follows, since 1857 :

From 1851 to 1879 . . . . .	27,210	ha.
"  1879 " 1908 . . . . .	258,540	"
"  1851 " 1908 . . . . .	279,229	"

It would be difficult to assign a definite signification to these variations for they are due, to a considerable degree, to differences of classification for the three valuations. The nature of the real estate to be included in the group of land cultivated in various ways not being sufficiently defined in 1851 and 1879, holdings were frequently included in this group which in 1908 were classed in other groups than those of orchards and gardens. However, it may be affirmed that the area of the holdings of this group has really diminished to an appreciable degree in certain departments, as, for example in Ardèche and Hérault, on account of the reduced cultivation of olive trees and the abandonment of that of chestnuts ; and in Aube, Aveyron, Cher, Lot-et-Garonne, Nièvre and Vienne, through the disappearance of hempfields. The most considerable increases are due to the formation of orchards in Basses-Alpes and Calvados, to the extension of market gardening in Seine-et-Marne and Seine-et-Oise and the increased cultivation of early fruit and vegetables, in Vaucluse.

4. *Area of Arable Land and Holdings Valued in the Same Way.* — The area of the arable land and holdings valued in the same way was as follows at the three dates :

in 1851 . . . . .	25,909,762	hectares
"  1879 . . . . .	26,173,657	"
"  1908 . . . . .		
"  1879 . . . . .	24,508,057	"
"  1908 . . . . .		

The area therefore increased between 1851 and 1879, this being the result of the prosperous state of agriculture at the time ; it then decreased between 1879 and 1908. A comparison of the results for 1851 and 1908 also shows a decrease.

The area of this group decreased successively in 1879 and 1908, in 28 departments and increased both in 1879 and 1908 in 17 others ; in six departments it decreased in the period 1851-1879, to increase again in the

by the valuations of 1879 and 1908 on condition that the figures for the above departments are first subtracted from the results given for the two latter years. Consequently, we shall show the results for each valuation (limiting our comparison, however, to the valuations of 1879 and 1908) in figures of ordinary type, while we shall show in *italics* the figures given by each valuation for the whole country, exclusive of Alpes-Maritimes, Corsica, Savoie and Haute-Savoie, and the increases or diminutions shown by a comparison of these results, on the one hand, for the period 1851-1879 and, on the other, for the period 1851-1908.

period 1879-1908; finally in 32 there was an increase in the period 1851-1879 followed by a decrease between 1879 and 1908.

Comparing only the figures for the years 1851 and 1908, we find a total decrease of 2,061,383 ha. in 56 departments. This is due in a general sense to the depopulation of the country districts, the consequent scarcity of labourers and the rise in wages which has led to the abandonment of much poor land, now lying fallow, or to the transformation of cultivated fields into meadows and forests, according to the region. It may however, be due to quite other causes; this is especially the case in Gironde, Hérault, and Pyrénées-Orientales, where a portion of the area has been devoted to viticulture, which is more remunerative.

On the other hand, we find that the area of arable land has increased since 1851 in 27 departments by 1,038,807 ha. in all. This is, as a rule, the result of the clearing of moors and woodlands in regions where the railways constructed facilitate the sale of the produce. It is especially the case in Bretagne and the departments of the centre, as Indre, Creuse and Vienne. In some departments, especially in Gers and the Charentes, it is due to the destruction of vineyards by *phylloxera*.

The area of arable land has decreased since 1879 in Alpes-Maritimes, Corsica and Savoy, but only to an appreciable degree in Corsica, where the continually increasing scarcity of labourers is causing a corresponding neglect of cultivation.

Finally, leaving out of consideration the above mentioned departments not included in the valuation of 1851, the diminished area of arable land is partly balanced by increases, so that altogether today the total area is only 1,022,576 ha. or 4.09 % less than that shown as the result of the earlier valuation.

5. *Area of Meadows and Grass Land.* — The fluctuations in the area of Meadows and Grass land may be summarised as under :

in 1851 . . . . .	4,603,418	ha.
" 1879 . . . . .	{ 4,998,280	"
	{ 4,817,603	"
	{ 6,912,508	"
1908. . . . .	{ 6,679,099	"

As we see, the increase in the area of meadowland, which began before 1879, has continued since then, and assumed far greater importance. This increase is due to the cause already mentioned, the depopulation of the country districts which has led to the conversion into meadow land of much land formerly cultivated in a manner demanding a large number of labourers. It is also a consequence of the extension of livestock improvement and dairy farming. We must, however, observe that the above causes only partially account for the increase in some departments, especially Cantal, Loire and Doubs, where the grazing grounds, now rightly classified with the meadows, were previously grouped with the moors, or with variously cultivated land.

6. *Area of Vineyards.* — The area of the vineyards was as follows at the dates of the three valuations :

in 1851. . . . .	2,142,811	ha.
” 1879. . . . .	2,320,533	”
	2,142,811	”
” 1908. . . . .	1,499,048	”
	1,479,038	”

Considerable changes in the area of the French vineyards have been produced by the ravages of the phylloxera, which began a little before 1870 in the South, and then spread to the Bordelais and gradually to all the vinegrowing regions. Yet viticulture had extended to such a degree before the appearance of the phylloxera that in 1879 the area of the French vineyards was still 139,486 ha. more than in 1851. The ravages of the phylloxera were greatest after 1879, so that nearly 1,500,000 ha. of former vineyards had been abandoned in 1892. In spite of numerous new plantations, the present area under vines is still 821,485 ha. less than in 1879 and 663,772 ha. less than in 1851. Let us add that in a certain number of departments (Aube, Eure, Eure-et-Loire, Loiret, Haute-Marne, Meurthe-et-Moselle, Meuse, Haute-Vienne etc.), the vine is gradually disappearing, either because the nature of the soil and the climate are unfavourable or because the small yield from it is not sufficiently remunerative in view of the considerable rise in wages.

7. *Area of Woodland.* — Woodland belonging to private individuals and incorporated bodies, and not to the State, occupied in succession the following areas :

in 1851. . . . .	7,672,757	ha.
” 1879. . . . .	8,397,131	”
	7,946,263	”
” 1908. . . . .	8,703,264	”
	8,237,258	”

The total area occupied by forests therefore has regularly increased since 1851.

The increase was continuous in 26 departments and the diminution was so in 18; the increase was limited to the period 1879-1908 in 27 other departments. Finally, in 12 departments, the increase observed in 1879 was followed by a diminution. The situation has been nearly stationary since 1879 in the Alpes-Maritimes, Corsica and Savoy, with a slight decrease in the first mentioned of these departments, and comparatively unimportant increases in the others.

If we take the entire period 1851-1908, we find that the woodland area — exclusive of the four departments not estimated in 1851 — has increased by 994,621 ha. in 40 departments and diminished by 430,120 ha. in 43 others.

The increase of woodland holdings is generally due to numerous plantations on land of inferior quality, the cultivation of which has been aban-

done on account of its increasing cost, or in vineyards destroyed by phylloxera. To these causes is due the increase of woodland in Aube, Côte-d'Or, Dordogne, Doubs, Loir-et-Cher, Marne, Haute-Marne, Var, Vaucluse, Vosges etc. The increase of woodland in Gironde and Landes is due to large plantations of pines along the shore ; it is, however, to be observed that there has been a slight diminution of the wooded area in Landes.

The departments where a diminution has been observed are Allier, Haute-Garonne, Gers, Isère, Loire-Inférieure, Lot, Nièvre, Saône-et-Loire, where the forests have been cleared to an appreciable degree, and Basses-Pyrénées, where 30,000 hectares of wood have been destroyed by a cryptogamic disease.

Finally in a few departments, the difference shown is due to certain wooded holdings not being classified in the same way at the date of the three valuations. Thus the decreases shown in Hautes-Alpes, Cantal and Corrèze are due, in large part, to the fact that, for the earlier valuations, land merely covered with bushwood or bush in the first of these departments was classified wrongly as woodland, and chestnut woods exploited principally for the chestnuts, in the two other departments, were similarly wrongly classified. In the same way, the increase in Haute-Vienne is due to the inclusion in 1908 in the group of woodland of chestnut woods specially grown for their wood and formerly included in the group of variously cultivated holdings.

8<sup>th</sup>. *Area of Moorland, Commons, Grazing Grounds and other Uncultivated Land.*

The area of this group is shown in the following figures :

in 1851 . . . . .	7,188,634	ha.
” 1879 . . . . .	6,746,800	”
	6,232,569	”
” 1908 . . . . .	7,205,648	”
	6,451,291	”

The area of these holdings decreased by 956,065 ha. between 1851 and 1879 ; it then increased by 458,848 ha. between 1879 and 1908 ; finally, the changes in the period 1851-1908 resulted in a diminution of 737,343 ha.

The moorland area has only shown a constant increase in 10 departments, in 43 others there were decreases observed in 1879, and then increases in 1908 ; the contrary was observed in 2 departments. Finally, 28 departments show a constantly decreasing area from 1851 to 1908. The moorland area has decreased since 1879 in Alpes-Maritimes, Corsica and Savoie ; and it has also become less in Haute-Savoie.

The increases and diminutions observed in the moorland areas correspond generally with the diminutions and increases shown for other kinds of holdings.

In fact it is seen that in the departments where the moorland area has decreased since 1851 most considerably, the Breton departments, Allier, Bouches-du-Rhône, Cher, Gironde, Indre, Landes and Vienne, there has been a large increase in the area of arable land, meadows and woodland.

On the other hand, in those departments in which there has been the largest increase in the area of uncultivated land in the last sixty years, in Hautes-Alpes, Ardèche, Ariège, Dordogne, Drôme, Lot and Pyrénées-Orientales, it is due to the depopulation of the country districts, where the increasing cost of labour has led to the desertion of holdings of inferior quality, or to the phylloxera, after the devastations of which a large number of vineyards have been left uncultivated.

In some departments, however, as in Doubs, Mayenne, Marne and Puy-de Dôme, the difference between the results of 1851 and 1908 is partly due to the classification of some moorland in different classes at each successive valuation. The same is true in the case of Savoie and Haute-Savoie. We shall make special mention of Corsica, where since 1879 the area of uncultivated land has increased almost threefold owing to the increasing abandonment of agriculture in this department.

#### § 4. COMPARISON OF RENTAL VALUE AND MARKET PRICE.

1st. *Total Rental Value and Market Price of all the Holdings and of Each Type of Farms.* — For the whole of France the successive valuations in 1851, 1879 and 1908 were as follows :

Date of Valuation	Rental Value	Market Price
	frs.	frs.
1851 . . . . .	1,824,186,249	61,189,030,452
1879 . . . . .	2,645,505,565	91,583,966,075
1908 . . . . .	2,056,949,814	61,757,233,533

As we said when dealing with the areas, the results of the valuation of 1851 do not include information concerning the departments of Alpes-Maritimes, Corsica, Savoie and Haute-Savoie. It is, therefore, necessary when comparing these results with those of the later valuations, to leave these four departments out of consideration. The following table, in which the rental values and market prices are given for the three dates in question, has been drawn up with due regard to this point.

	Results of the Valuation		
	of 1851	of 1879	of 1908
	frs.	frs.	frs.
			<b>1. Rents</b>
Land of Superior Quality and Land Cultivated in Various Ways . . . . .	108,586,414 <i>108,586,414</i>	145,517,431 <i>135,031,344</i>	123,014,963 <i>116,696,593</i>
Arable Land and Land Valued in the Same Way . . . . .	1,049,577,511 <i>1,049,577,511</i>	1,485,097,569 <i>1,460,974,662</i>	1,195,621,304 <i>1,173,823,127</i>
Meadows and Grass Land . . . . .	334,237,816 <i>334,237,816</i>	483,159,306 <i>474,966,026</i>	447,648,702 <i>440,880,902</i>
Vineyards . . . . .	145,401,087 <i>145,401,087</i>	301,545,815 <i>293,892,546</i>	114,610,386 <i>112,818,617</i>
Wood Land . . . . .	153,073,660 <i>153,073,660</i>	188,910,406 <i>184,279,269</i>	144,841,498 <i>140,763,639</i>
Moorland, Commons, Pastures and Other Uncultivated Land . . . . .	33,309,761 <i>33,309,761</i>	41,275,038 <i>39,231,788</i>	31,212,961 <i>29,799,880</i>
Total . . . . .	1,824,186,249 <i>1,824,186,249</i>	2,645,505,565 <i>2,588,375,635</i>	2,056,949,814 <i>2,014,782,758</i>
			<b>2. Mark</b>
Land of Superior Quality and Land Cultivated in Various Ways . . . . .	3,767,231,984 <i>3,767,231,984</i>	4,730,271,762 <i>4,437,399,293</i>	3,434,443,203 <i>3,279,264,642</i>
Arable Land and Land Valued in the Same Way . . . . .	36,704,707,970 <i>36,704,707,970</i>	57,514,810,648 <i>56,708,554,641</i>	36,159,158,600 <i>35,478,048,521</i>
Meadows and Grass Land . . . . .	10,427,581,043 <i>10,427,581,043</i>	14,799,518,127 <i>14,540,124,618</i>	12,983,659,261 <i>12,738,769,995</i>
Vineyards . . . . .	4,357,171,278 <i>4,357,171,278</i>	6,887,902,398 <i>6,720,252,751</i>	3,047,398,802 <i>2,997,369,986</i>
Woodland . . . . .	4,824,283,068 <i>4,824,283,068</i>	6,256,930,960 <i>6,110,814,136</i>	4,980,463,413 <i>4,823,152,224</i>
Moorland, Commons, Pastures and Other Uncultivated Land . . . . .	1,108,055,109 <i>1,108,055,109</i>	1,394,532,180 <i>1,330,956,366</i>	1,143,110,254 <i>1,081,554,111</i>
Total . . . . .	61,180,030,452 <i>61,189,030,452</i>	91,583,966,075 <i>89,848,101,805</i>	61,757,233,533 <i>60,398,159,481</i>



## Differences in the Results

Between 1851 and 1879		Between 1879 and 1908		Between 1851 and 1908	
Increase	Decrease	Increase	Decrease	Increase	Decrease
frs.	frs.	frs.	frs.	frs.	frs.
<b>Values.</b>					
			22,502,468		
26,444,930	"	"	"	8,110,179	"
411,397,151	"	"	280,476,265	"	"
"	"	"	"	124,245,616	"
140,728,210	"	"	35,510,604	106,643,086	"
"	"	"	"	"	"
14,491,459	"	"	186,935,429	"	32,582,470
"	"	"	"	"	"
31,205,609	"	"	44,068,908	"	12,340,021
"	"	"	"	"	"
5,922,027	"	"	10,062,077	"	3,509,881
"	"	"	"	"	"
704,109,386	"	"	588,555,751	238,998,881	48,402,372
				Increase: 190,596,509	

<b>Prices.</b>					
			1,205,828,559		
670,167,309	"	"	"		487,907,342
"	"	"	"	"	"
20,003,846,671	"	"	21,355,652,048	"	1,226,659,449
"	"	"	"	"	"
4,112,543,575	"	"	1,815,858,866	2,311,188,952	"
"	"	"	"	"	"
2,363,081,473	"	"	3,840,503,599	"	1,359,801,289
"	"	"	"	"	"
1,286,531,068	"	"	1,207,467,547	"	1,130,844
"	"	"	"	"	"
222,901,257	"	"	251,421,920	"	20,500,998
"	"	"	"	"	"
28,659,071,353	"	"	20,826,732,542	2,311,188,952	3,102,059,922
				Decrease: 790,870,970	

This table shows that in 1879 the rental values and market prices had considerably increased in the whole country and in 1908 they had fallen almost to the figures for 1851. These variations were due to the general causes already considered: a period of prosperity before 1879, and then an agricultural crisis due to rural exodus and still continuing,

The fall in value of land since 1879 has been proportionally greater in respect to market price than to rental value. The same is seen on a direct comparison of the results of the valuations in 1851 and 1908, which reveals a rise in rental value and a fall in market price. This is due to important changes which have taken place in agriculture, the introduction of the cultivation of cattle foods and industrial crops, the increase in the number of markets, the multiplication of the means of communication and the employment of chemical manures etc, which have had the effect of raising the rates of lease. The market prices have not benefited to the same degree by these favourable conditions, for unbuilt on land is far less in demand to day than fifty or sixty years ago. In the middle of the last century, interest was sacrificed in the desire to purchase or increase a holding, and the possession of the smallest parcel was ardently contended for by many aspirants. Nowadays, on the contrary, people are indisposed to immobilise capital in investments in land, and so hinder its easy realisation. At the invitation of the various credit establishments, they invest it in personal securities, which offer many advantages: extreme fluidity under the simplest and least burdensome conditions, easy collection of interest etc. Hence landed property has a markedly inferior position and its market price has of course fallen.

If the total results of 1908 to an appreciable extent agree with those for 1851, they are not equally distributed as regards the various groups. The chief reason for this is that changes have taken place in the area of each group. Thus, in respect to meadow land, the area of which has increased, there has been a parallel increase in the rental value and market price on those shown in 1851. In the same way, in the case of vineyards and moorlands, a decrease in value corresponds with a loss of area. On the other hand, woodlands, the area of which has, however, considerably increased since 1851, show an appreciable decrease in market price and even more in rental value.

The groups of areas of superior quality and various cultivation and of arable land show an increase in rental value and a decrease in market price. However, it is to be remarked that these groups could not be constituted exactly as in 1851 and that also the figures in the second group do not admit of fair comparison as the sites of buildings and areas dependent on buildings were valued in 1851 and not in 1908.

2nd. *Rental Value and Market Price per hectare.* — The total rental values and market prices per type of farms, as shown in 1851, 1879 and 1908 present differences not only due to economic causes, but much more to changes in the constitution of the various groups. An examination of them, therefore will not enable us to form an idea of the fluctuations in value of land in the period contemplated, and to arrive at this we must com-

pare the average rental value and market price per ha., according to each valuation. These averages were as follows:

	Valuation of		
	1851	1879	1908
	frs.	frs.	frs.
Average Rental Value per ha. . . . .	38	53	41
Average Market Price per ha. . . . .	1,276	1,830	1,244

Let us now consider the particular situation of the six types of farms compared :

(a) *Land of Superior Quality and Land Variously Cultivated.* — The average rental value and market price per ha. for this type of farms varied as follows, between 1851 and 1908:

	Valuation of		
	1851	1879	1908
	frs.	frs.	frs.
Average Rental Value per ha. . . . .	81	104	108
Average Market Price per ha. . . . .	2,815	3,382	3,013

The averages for rental value show a constant increase. In 1908, indeed, there were only included in this group gardens cultivated for profit and orchards, while in previous years, under the head of areas variously cultivated there were included pastures, pools, marshes, peat moss bogs, lagoons etc. of much less value. Under these circumstances, the comparison can only have a limited value. We shall therefore confine ourselves to pointing out that, in a general way, the portion of the area of this group consisting of gardens has really gained in value in the environs of the towns. By way of exception, in some departments there has been a decrease in value due to special causes: the want of opportunities for easy and immediate sale and depopulation (Corsica and Basses-Alpes), the disease of the olive trees (Bouches du-Rhône), the sericultural crisis (Gard) etc.

The market price does not always vary in the same way as the rental value. The chief reason of this is that there is a much greater demand for the lease of gardens in the neighbourhood of towns than for the purchase of them and consequently an increased rental value does not necessarily entail a correspondingly increased market price.

(b) *Arable Land and Areas Valued in the Same Way.* — The average value per hectare of arable land was in turn as follows:

	Valuation of		
	1851	1879	1908
	frs.	frs.	frs.
Rental Value per hectare. . . . .	42	57	49
Market Price per hectare. . . . .	1,479	2,197	1,196

We have already explained with regard to the total rental values and market prices that the considerable rise observed in 1879 was followed by a fall. This is again seen in the results shown for arable land, the value

of which best indicates the price of farms. In fact, there were increases in rental value in all the departments except 3, and in market price in all except 9; and the diminutions in these cases were trifling. Between 1879 and 1908, there was an almost general decrease, since there were only 20 departments in which the rental value showed a rise and only 14 in which the market price had risen.

The averages are in many cases higher than in 1851, above all the averages for the rental value. It is incontestable, in fact, that, in spite of the increasing cost of labour, arable land has become, in many regions, more remunerative within the last sixty years, owing to improved methods of cultivation, the use of agricultural machinery and chemical manure, the formation of artificial meadows, increased means of transport etc.

The effects of the above causes in the way of increasing values have been especially evident in the West and Centre of France and in the Basses-Pyrénées. The extended cultivation of industrial crops in Nord and the digging of important irrigating canals in Bouches-du-Rhône have also led to a similar increase in rental value and market price in these departments since 1851. Let us also mention the important increase in average value in Alpes-Maritimes, since 1879, due to the extensive cultivation of flowers. But these increases are not due only to the causes just enumerated; they have been influenced by the fact that this group of areas includes yards, building lots and pleasure grounds, which were previously valued in the same way as arable land, but, in 1908, their real value, which is far higher, was assigned to them. This has more especial reference to departments in which there are large towns or large industrial centres, like Nord and Rhône or important health resorts or watering places, like Alpes-Maritimes and Var.

Together with the increases on the figures for 1851 of which we have just spoken, we find decreases in a certain number of departments, either because in them the rural exodus was more marked than elsewhere, or the methods of farming were still antiquated, or the natural poverty of the soil made it very difficult for the farmer to meet the increasing cost of cultivation or face the rise in wages. Sometimes the diminution is due to purely local causes, for example the sugar crisis in Aisne and the utilisation of the best arable land for the more remunerative cultivation of vineyards in Hérault.

Altogether the decreases in rental value are comparatively unimportant; if the decreases in market price are more appreciable it is due to the reasons of general character already given.

(c) *Meadows and Grass Land.* — As is seen in the following table, the average value of meadows and grass land, that showed a considerable rise in 1879, had fallen again in 1908 below the value reported in 1851.

	Valuation of		
	1851	1879	1908
	frs.	frs.	frs.
Average Rental Value per ha. . . . .	73	97	65
Average Market Price " " " " . . . . .	2,256	2,961	1,878

The above variations may at the first glance, cause surprise in view of the considerable extension of livestock improvement in recent years, which has led, as we have seen, to a considerable increase in the area of this group. It is, however explicable.

In fact the increasing scarcity and cost of labour and the increasing consumption of butchers' meat induced the farmers to give their attention to livestock improvement, and, consequently, to increase the area of meadows and grass land. Of course for this purpose they chose in preference either areas of small value, particularly difficult to plough, or moorland, which has led to a lowering of the average values, as the meadows thus formed were most usually of inferior quality. Another reason is that in 1908 in the group of meadows large areas of grazing ground were included, which at the date of the previous valuations, had been wrongly classed as moorland, or in the group of areas variously cultivated. Elsewhere the value of the natural meadows has diminished very appreciably owing to the competition of the continually increasing number of artificial meadows which have the advantage of giving a greater yield per ha. and being formed in the most suitable places. It is easy to understand that, under these conditions, the averages are even lower than in 1851 when the group was formed almost exclusively of excellent natural meadows.

(d) *Vineyards*. — The average value of the vineyards for the whole of France was, as follows:

	Valuation of		
	1851	1879	1908
	frs.	frs.	frs.
Average Rental Value per ha. . . . .	69	130	76
Average Market Price " " . . . . .	2,067	2,068	2,033

The high values in 1879 were due to that year having been preceded by a series of good seasons, both as regards the quality and quantity of the produce and to the extension of the railway system which in itself assured a ready sale. There were only 5 departments that showed a decrease in the average rental value, and 12 showing a decrease in the average market price, and the decrease was only considerable in Charente, where the phylloxera made its appearance in 1873, and where at the date of the valuation only 13,226 ha. out of 100,000 ha. had been spared, and the vineyards were in consequence only estimated at the value of the bare soil.

A comparison of the figures for 1908 with those for 1879 leads to just the contrary results; the decrease has been general, except in Charente, where the reconstitution of the vineyards has led to a rise in the averages, and in a few other departments, where there have been insignificant increases in value (of the rental value in 6, and of the market price in 8 departments). It is, in fact, more especially since 1879 that the phylloxera has made its ravages. It is true that, in many parts of the country, the vineyards have been formed again, but the new vines planted have generally not given a wine to compare with that of the old French vines. Other diseases have also made

their appearance in the vineyards (Blackrot, mildew, oidium etc), and when they do not kill the plants, they reduce the quantity or deteriorate the quality of the wine and in every case call for treatment constituting a very heavy charge. On the other hand, the increasing cost of labour is quite especially felt by the wine farmers as their farms have constant need of labourers and the employment of agricultural machinery is nearly impossible. Finally, in the years immediately preceding the last valuation, the value of the vineyards had been very considerably reduced, first on account of the low prices for wine, and then of bad harvests. These various circumstances, of which account had to be taken for the valuation of 1908, explain the fall in the average value of the vineyards; they have affected the market price more than the rental value, owing to the uncertain life of this kind of farm and its irregular yield.

In spite of this, the average rental value of the group was still in 1908 higher than in 1851 and the market price was almost the same as before.

(e) *Woodland belonging to Private Owners and to Incorporated Bodies and not to the State.* — The average value of wooded holdings, which had risen slightly in 1879, fell in 1908 to a little below what it was in 1851, as the following table shows :

	Valuation of		
	1851	1879	1908
	frs.	frs.	frs.
Average Rental Value per ha. . . . .	20	23	17
" Market Price " " . . . . .	624	745	573

Like the other kinds of holdings, the woodlands showed in 1879 an increase of value due to the vogue enjoyed by landed property at that date and to the new facilities of transport provided by the building of numerous railways. This increase of value was observed in all departments, except for unimportant decreases of rental value in 12 and of market price in 11.

Since 1879, the crisis affecting landed property in general has not spared the wooded land. To tell the truth, it has affected the forests, above all the resinous forests, only slightly.

But the copsewoods have suffered considerably. Their produce, which finds competitors in coal and gas both for industrial purposes and home use, has depreciated considerably, above all in the coal mining districts; again, the use of the bark in tanneries has been gradually substituted by that of chemical preparations. The revenue from the copsewoods has therefore fallen off and the reduction of the profits co-inciding with the rise in wages, the revenue in some cases has been reduced to almost nothing. This explains why, in spite of the still considerable value of the forests, the average values for woodland had declined considerably in 1908. We must further, add that the new plantations, very numerous within the last few years, for which poor soil was largely utilised, (moor land, abandoned vineyards and arable land etc.), have generally only given copsewood of inferior quality, the low value of which contributes still further to reduce the averages.

These considerations also explain the decreases in values for the period 1879-1908, in the departments generally; only 7 of them showing an increased rental value and 15 an increased market price. The only increases of any importance are observed in Gironde and Landes where the plantations along the sea coast are very thriving, in Jura and above all in Vosges, where there are numerous very fine resinous forests.

(f) *Moorland, Commons or Grazing Grounds and Other Uncultivated Land.* The average rental values and market prices of this group were as follows at each valuation :

	Valuation of		
	1851	1879	1908
	frs.	frs.	frs.
Average Rental Value per ha. . . . .		6	4
" Market Price " " . . . . .	155	207	150

The average values of this group are but of secondary importance, as they only concern holdings the yield of which is in any case very small. For the rest, the variations necessarily of small importance, are less the result of economic conditions capable of affecting the rate of lease of unbuilt on holdings, than of the character of the land included in the group at each valuation. This remark is confirmed by an examination of the situation of the departments in which the averages have altered most: thus, in 1908, there are high averages shown for Deux-Sèvres and Manche, because commons of a certain size, previously grouped with the meadows, have now been included in the moorland group, and for Meurthe-et-Moselle, because there have now been included in the group land on which there are deposits of slag of comparatively high value. On the other hand, the exclusion in 1908 of grazing grounds, formerly counted as moorland, from this group, has caused the averages in Calvados, Doubs, Eure, Nièvre, Oise, Saône-et-Loire and Seine-Inférieure to be lowered. However, in some departments in which there are valuable moors especially in Bretagne, the variations in the rates of lease explain the variations in the averages for this kind of holding.

\*  
\* \*

The new valuation of unbuilt on land of which we have just given an account has been a work of quite exceptional importance. This great Government undertaking will not have been carried out in vain and, in the various data collected in the course of the enquiry, Parliament will find all the elements on which to base the land reform which, reducing the burdens on rural land, will realise the legitimate aspirations of the agricultural population.

## ITALY.

### THE ORGANIZATION OF A COMMUNAL DOMAIN IN SICILY, THE BOSCO SANTO PIETRO OF CALTAGIRONE.

The importance of the communal domains of the South of Italy are well known, and on the organization and economic value of one of them, the Bosco Santo Pietro of Caltagirone, we are in a position to furnish the following information, reproduced from the report of the technical manager of this domain, Dr. Gaspare Barletta.

There is no aim constantly pursued in the management of communal forests; abuses are committed by the managers and the population, the neighbouring landowners make encroachments, the forests are subdivided, public customary rights are enforced; and the state of these forests is generally bad and, in most cases, the yield from them is rather small. The condition of the public forest of Santo Pietro is somewhat of an exception. It is worth pointing out, especially as important works for the regulation and improvement of the forest are now in course and researches are being made in regard to the proper utilisation of the produce.

This forest, which belongs to the Commune of Caltagirone, was a part of the ancient Barony of Fetanasimo, that the Norman King, Roger II, bestowed on the inhabitants of Caltagirone in 1143, as a reward for their valour and loyalty. By decree of July 20th., 1911, the prefect of Catania declared the former fief a domain of the Commune of Caltagirone and ordered that 1,300 hectares should be divided in lots and distributed among the poorer inhabitants of the commune.

At that date a work of organization and improvement of the portion left undivided was commenced. This portion covers an area of 3,330 has. and consists principally of a forest of cork trees, the largest and most productive in Italy.

First of all the forest was divided into eight parts and each of these subdivided into eight parcels. So there are 64 parcels, separated by fire belts 10 metres in breadth, or by roads or water courses.

This division makes it possible to prevent the spread of fires, and it has also served and still serves to make it easier to take stock of the trees, to arrange for the cuttings to be made, the improvements to be carried out, and the cultivation to be proceeded with, as well as to simplify the work of supervision.



The municipal council and its executive committee have the management of the forest, under the chief supervision of the Department of Agriculture, Industry and Commerce.

There is, further, a special commission occupying itself with the state and conditions of the forest. It gives its opinion on all matters connected therewith. It is composed of the Mayor of Caltagirone, who is its president, and four members, two of them appointed by the Communal Council and one by the prefect; the fourth, also nominated, is the director of the local Royal Practical School of Agriculture.

The forest staff consists of a technical manager, 8 communal forest guards, 4 plantation guards and 6 workmen in charge of the fire belt. They are lodged in barracks with large rooms for dormitories, an oilmill, a room for the Red Cross men engaged in fighting malaria, a rural school for the children of the staff etc. The improvements carried out in connection with direct cultivation, under the guidance of the technical manager, have also necessitated the building of many metayers' houses for workmen, the regulation of the streams etc. The problem of roads still remains to be solved. At present there are only two: a provincial road crossing the whole forest with a length of 14 kms. and another of only 5 kms. A third will shortly be made, but others still will be required to facilitate the transport of the produce, which is sold at auction.

In order definitely to decide what system is to be applied to the forest the commune has instructed the technical management to draft a plan for the purpose to serve as a basis for the operations in connection with it. This plan will consist of two parts, the first of which refers to utilisation and the other to improvements. We shall deal with them briefly.

(a) *Utilisation* — The San Pietro domain is a wood yielding utilisable agricultural forestry produce, such as cork, olives, pasture, timber and underwood.

The chief product is cork. Up to the present it has been stripped every seven years. In future the period will be extended to eight years, and the bark will be removed every year from the trees in one of the eight divisions. Thus there will be constant production, to the advantage of the industry of the town.

A regular inventory has been taken of the cork oaks and they have been distinguished according to their diameters and vitality, while account was taken of their estimated production. There are about 100,000.

The cork is sold on the trees, in lots of entire parcels of the forest, with very severe rules as regards the precautions to be taken in order not to injure the trees.

Next, it must be remembered that there are also olive trees, about 50,000 in number.

Grazing is a considerable source of revenue. And, in fact, the climate of the district is mild and the herds like to come down from the mountain to the forest to pass the severest months of winter there with their livestock. They pay 5.50 francs a month per head of horned cattle or per horse and 60 centimes per goat or sheep and 1 fr. per pig. About April the dry period

generally commences and then the cattle return to the mountains in search of fresher and more luxuriant meadows.

In order to improve the pastures, from time to time, areas are ploughed and sown, above all where the wood is thinnest and where reafforestation has already been begun.

Underwood is also abundant. It provides excellent fuel. It is divided into two classes: the first, consisting of the underwood of the divisions remote from the town, is sold every four years; the other satisfies the needs of the public, the inhabitants exercising their right to it in virtue of the *jus legnandi* (right of cutting wood). The public customary rights are also subject to special regulations intended to secure the forest from destruction.

The right to cut firewood is in fact only allowed in the case of bushes, never in that of trees, and it is limited to special districts, established by the Municipal Executive Council. Contraventions are reported to the mayor, who in his turn may denounce them to the legal authorities.

Besides the *jus legnandi*, the poorer inhabitants have other little facilities for advancing their domestic industries or obtaining the means for gaining something in their days of unemployment. They utilise a small plant, very common in the woods, the dwarf palm, with the leaves of which they manufacture various articles of use in agriculture and for domestic purposes: string, baskets, straps, hats, articles of esparto, brooms etc.

The women above all are occupied in this class of work. A woman can make two baskets a day, which brings in 1.60 frs., or 1 ½ kg. of thread, and she can make 90 centimes in that way.

From the dwarf palm, vegetable horse hair can be made which is used to stuff mattresses. Those exercising customary rights also use the reeds to make all kinds of baskets.

In addition, they seek for mushrooms and truffles, collect herbs, and hunt game, which is very abundant in the forest.

As we see, this forest is a source of considerable revenue to the commune and gives the poorer inhabitants a means of livelihood.

(b) *Improvements* — In the Bosco Santo Pietro, there are, however, many areas without trees and many trees of too great age which are gradually perishing. Thus the managers have decided on reafforesting these areas and replacing the old trees by young ones.

Reafforestation is above all effected by means of the direct sowing of acorns. But the ravines and the banks of the streams that run through the forest are reafforested with Canadian poplars. Between them cork oaks, acacias, cypresses etc. are planted.

In the work of reafforestation one plant has not been overlooked which for centuries has grown magnificently in the Bosco San Pietro: the olive, of which about 50,000 trees have been grafted. Thus a large olive wood has been formed, destined to become even larger and to produce an enormous quantity of olives, from which an oil can be derived, which, if suitably treated, will be an honour to the town producing it.

On the other hand, such a quantity of olive trees will provide work for hundreds of labourers, who will thus be protected against unemployment, the first cause of emigration.

Other steps taken by the commune are the foundation of nursery gardens with a view to reforestation and the sale of forest trees and fruit trees to private persons.

In Sicily, plantations are very often made with plants from Central and Southern Italy, and, consequently they very rarely succeed. It has therefore been decided to make up for this, by means of nurseries, which will only be extended when the studies in course with regard to the search for and utilisation of water have been terminated.

The above report concludes: What has been done at San Pietro and what is still only planned is an encouraging beginning of the improvement a domain.

In fact, while the public customary rights have been preserved, though regulated, at the same time a rapid reorganization of the forest and a better system of exploiting its products have been adopted.

The water collected and led into canals, the olive trees grafted, the cork oaks more luxuriant, the imposition of suitable regulations, the timber cut up, the pastures improved, show altogether a large programme already partly realised and promising good things for the future.

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(d) Publications of the Bureau of Economic and Social Intelligence.

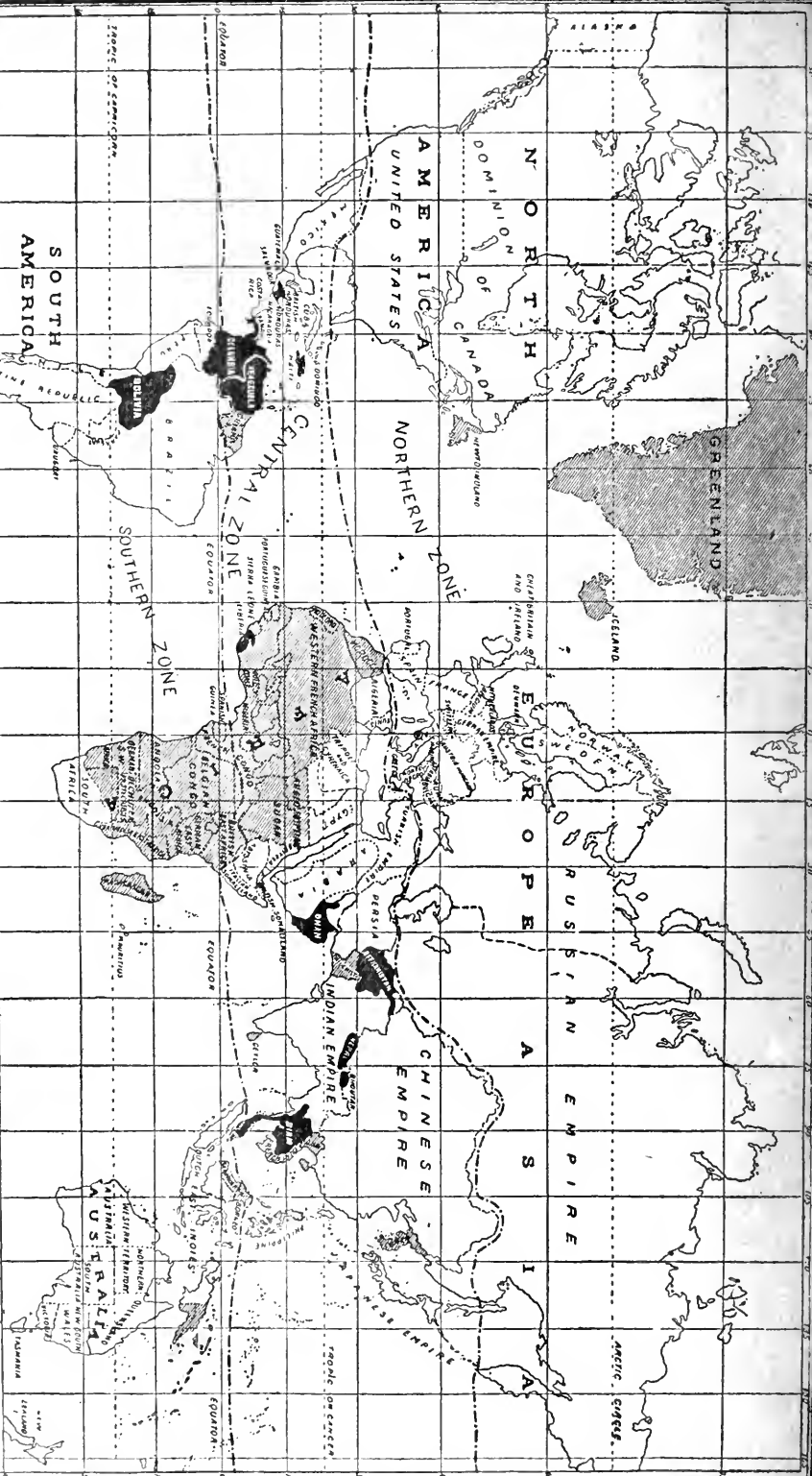
1. L'ACTIVITÉ DE L'INSTITUT INTERNATIONAL D'AGRICULTURE DANS LE DOMAINE DE LA COOPÉRATION, DE L'ASSURANCE ET DU CRÉDIT AGRICOLES. (The Work of the International Institute of Agriculture in the Field of Agricultural Co-operation, Insurance and Credit). (In French, German and Italian). (1912, 24 pages, 16mo) . . . . . Frs 0.50
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3. PROCÈS-VERBAUX DU COMITÉ PERMANENT DES ANNÉES 1908, 1909, 1910, 1911, 1912 (Procès-verbaux of the Permanent Committee, 1908, 1909, 1910, 1911 and 1912). Five volumes, 4to).
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9. THE INTERNATIONAL INSTITUTE OF AGRICULTURE. (in English, 1913, illustrated)

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Countries and Colonies adhering to the Convention of the 7th June 1905, by which the International Institute of Agriculture was founded.

Non adhering Countries.

Line showing geographical zones established by the Institute in order to facilitate the collection of statistics.

**EXPLANATION**

Countries and Colonies adhering to the Convention of the 7th June 1905, by which the International Institute of Agriculture was founded.

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INTERNATIONAL INSTITUTE OF AGRICULTURE

BUREAU OF ECONOMIC AND SOCIAL INTELLIGENCE

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MONTHLY BULLETIN

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OF ECONOMIC AND SOCIAL

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INTELLIGENCE \* \* \* \* \*

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4<sup>th</sup>. VOLUME \* \* \* \*

V<sup>th</sup>. YEAR - NUMBER 5

\* \* \* \* \* MAY 1914



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INTERNATIONAL INSTITUTE OF AGRICULTURE

BUREAU OF ECONOMIC AND SOCIAL INTELLIGENCE

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# MONTHLY BULLETIN

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OF ECONOMIC AND SOCIAL

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INTELLIGENCE \* \* \* \* \*

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4<sup>1</sup>st. VOLUME \* \* \* \*

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V<sup>th</sup>. YEAR - NUMBER 5

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\* \* \* \* \* MAY 1914

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# Part I: Co-operation and Association

## GERMANY:

### MISCELLANEOUS NEWS.

I. — DISCUSSIONS AND DECISIONS OF AGRICULTURAL CORPORATIONS AND ASSOCIATIONS. — Every year in the month of February large meetings of the chief agricultural associations are held in Berlin to discuss the most important political and economic questions connected with agriculture in Germany, and to report the latest progress in agricultural technique. People from all parts of the Empire crowd to these meetings in such numbers as to give the capital quite a characteristic appearance.

The first important meeting this year was that of the "Royal Prussian College of Rural Economy" (*Königlich Preussisches Landes-Ökonomie-Kollegium*) held from the 5th. to the 7th. February, immediately following the 34th. Conference of the "Presidents of the Chambers of Agriculture in Prussia" (*Vorstände der Preussischen Landwirtschaftskammern*), held on the 4th. February. Next came, from the 10th. to the 13th. February, the 42nd. plenary assembly of the "German Council of Agriculture" (*Deutscher Landwirtschaftsrat*).

These important official meetings of German agriculturists, were followed from the 16th. to the 21st. February by the so called *Great Agricultural Week*, when other meetings more or less numerous attended and of varied character, were held in large numbers. Among the many associations that during this week gave their members the opportunity of expressing their collective views in regard to the general questions of German agriculture, the principal were the "League of Agriculturists" (*Bund der Landwirte*), which held two large meetings simultaneously on February 16th. to discuss the political situation, the "Association for Fiscal and Economic Reforms" (*Vereinigung der Steuer- und Wirtschaftsreformer*), which

expressed its opinions on general important problems of economic, financial and social politics, the "German Agricultural Society" (*Deutsche Landwirtschafts-Gesellschaft*), which, in its plenary meetings, and also in many meetings of its various sections, took into consideration questions respecting the technique of rural holdings; and, finally, the "German Association for the Welfare of Rural Districts" (*Deutscher Verein für ländliche Wohlfahrts- und Heimatpflege*), which, under the presidency of Dr. Thiel, has materially improved the general condition of the agricultural population, and is seeking more especially to check the disastrous exodus from the country. Some of the associations and institutions recently organised show how widely diffused among German agriculturists is the desire to reach a solution of the problems that interest them by means of co-operation and union. Among these, special mention must be made of the "Second Congress of Women Engaged in Agricultural Labour" (*Zweiter Landfrauentag*), promoted by the "Evangelical Union for Young Women" (*Evangelischer Verband zur Pflege der weiblichen Jugend*), held under the presidency of H. E. the Countess of Schwerin-Löwitz. The chief object of this association is to promote the technical instruction and the moral and religious progress of young women living in the country. The most important event of the whole Agricultural Week was the constitution of the "Society for the Encouragement of the Cultivation and Utilization of Potatoes" (*Gesellschaft zur Förderung des Baues und der wirtschaftlich zweckmässigen Verwendung der Kartoffeln*), of which we shall give further particulars later on.

Let us now consider in detail some important discussions and decisions on economic and social subjects:

(a) *The Work and the Publications of the International Institute of Agriculture.*—As after the general assembly of the International Institute of Agriculture in 1911, again this year, after the general assembly of 1913, the "German Council of Agriculture" (*Deutscher Landwirtschaftsrat*) expressed its approbation of the work of the Institute and passed the following resolution:

"The German Council of Agriculture desires to express its satisfaction with the prosperous development and extension of the work done by the International Institute of Agriculture in Rome. The Council desires especially to call the attention of the agricultural representative bodies to the publications of the Institute, the "Monthly Bulletin of Economic and Social Intelligence" and the "Monthly Bulletin of Agricultural Intelligence and Plant Diseases", which for the last year have been published also in German, and both of which contain a very large amount of interesting information. The Council hopes that the representative bodies will, by securing a sufficient number of subscribers, facilitate the continuance of the German edition."

(b) *The Question of Temporary Employment of Foreign Labour.*—Among the many questions discussed in the various meetings, one of the most important was that of the employment of foreign labour in agriculture. The "German Council of Agriculture" (*Deutscher Landwirt-*

*schaftsrat*) gave the subject of the gradual diminution of the employment of foreign labour the first place on its agenda for the 10th. February.

The necessity for German agriculture to have recourse to foreign labourers, to the number in late years of 400,000, must be especially attributed, according to Prof. Gerlach (Königsberg), to the great need of labourers at a fixed season for the cultivation of beetroot, and to the excessive emigration from the country to cities and manufacturing districts. There is, besides, as Baron von Thüngen pointed out, a reason we must be very grateful for, that is, the immense increase of agricultural production.

The fact that German agriculture must, in default of native labour, become dependent on foreign aid is a much more serious cause for anxiety than the mere exodus from the country. It is necessary to take measures calculated to render foreign labour gradually superfluous. Prof. Gerlach and Baron von Thüngen especially recommended that an increase in the rural population should be encouraged through the raising of the standard of living and the improvement of the economic conditions of the peasantry. With the unanimous approval of the meeting, they maintained the necessity of arresting the decrease in the birth rate in agricultural districts, and also of restricting the liberty of the young to emigrate, of proceeding to a division of landed property in accordance with the requirements of agriculture in the different districts and providing for the welfare of the peasantry in the widest sense of the word; they also pointed out the need for collecting information requisite for a scientific study of the subject of agricultural labour and the economic condition of peasants and small proprietors.

Prof. Gerlach maintained that, in order to improve the condition of the peasants, it is of great importance to keep in mind the intimate connection between the general interests of agriculture and those of rural labourers; to secure their admission into social and co-operative agricultural institutions wherever this may be found to further their interests; to provide amusement and instruction for young people by means of lessons on the local conditions, popular libraries, public entertainments and clubs and finally to increase considerably the number of small and very small rural holdings, because home colonisation as hitherto conducted, although it has succeeded in creating peasant holdings, is not sufficient by itself. In districts where there is no land to be let or sold on which agricultural labourers can be established, the German Council of Agriculture recommends that, according to the example set by Mecklenburg, land should be granted to the commune, which should in its turn let it for a small rent to labourers. At the same time, care should be taken that healthy dwellings be erected, and corporations in public law should encourage such building by grants of credit.

Another method suggested by the Council of Agriculture of diminishing the necessity for foreign labour is the use of machinery in agriculture.

(c) *How to Obtain the Necessary Means for Building Workmen's Houses in the Country.* — With the previous subject the efforts directed to the improvement of dwellings in the country are closely connected. An

effectual method of checking the exodus from the country and inducing labourers to settle there permanently is to promote the erection of healthy dwellings in accordance with modern requirements. Building, of which the supply in cities exceeds the demand, is still urgently needed in many rural districts. The "Royal Prussian College of Rural Economy" (*Königlich Preussisches Landes-Ökonomie-Kollegium*) which placed on its agenda the subject of the promotion of the construction of workmen's houses, occupied itself, in the session of February 5th., especially with the question of how to raise the funds for this purpose. This is the most difficult point, because, on account of the great local differences, the present organisation of credit is not sufficient to supply capital for the purpose. The most important bodies supplying credit have hitherto been the provincial institutions of insurance against disablement and old age (*Landesversicherungsanstalten*). But of the 213,000,000 marks hitherto devoted by them to the construction of workmen's houses, only 17,000,000 marks have been spent in country districts.

The *Preussisches-Landes-Ökonomie-Kollegium*, after a long and lively discussion, decided to request the Department of Agriculture to appoint a commission to ascertain the possibility of raising larger sums for the construction of agricultural labourers' houses wherever they may be necessary.

(d) *Sick Nurses for the Country*. — Urban centres are often generally much better provided than country districts with assistance in case of illness or accidents. A country doctor in a thinly populated district has such a large tract of country under his care that his assistance often comes late. The evil might be obviated by the appointment of properly instructed nurses to assist and complete the work of the doctor. Several associations have taken up the subject, more especially the "German Association for the Welfare of Rural Districts" (*Deutscher Verein für ländliche Wohlfahrts- und Heimatpflege*), which is endeavouring to organise regular rural assistance for the sick. In the plenary meeting of this association held on February 19th., the work done by the provincial section of Silesia was especially described, as it might be taken as a model for similar work in other provinces. In Silesia, instruction was given in the public hospitals to many women and girls of all ranks, and their subsequent work proved excellent. The course of instruction, lasting eight weeks, was free. Half the expense, which was altogether between 120 and 180 mks., was borne by the Provincial Institute for Disablement and Old Age Insurance. The Chamber of Agriculture and other associations also contributed.

(e) *The Condition of Women Field-Workers*. — After examination of the condition of women workers in cities, the Permanent Committee for the Defence of the Interests of Working Women (*Ständiger Ausschuss zur Förderung der Arbeiterinnen-Interessen*) has also undertaken an enquiry into the mode of life of women field-workers in order to ascertain why women and girls emigrate into cities, whether field work is adapted to them, and if it can even be made agreeable by means of suitable reforms. This enquiry is not yet concluded, but the results hitherto attained were

thoroughly discussed in the "Third German Conference for the Protection of Working Women" (*Dritte Deutsche Konferenz zur Förderung der Arbeiterinnen-Interessen*) held in Berlin on the 19th. February.

In Prof. Auhagen's report of the results of the enquiry, the question of rural labour is stated to be a question chiefly affecting women. The female population in many places is actuated by a strong repugnance to agricultural labour, and an eager desire for a city life. Even girls who are active and fond of work are not attracted by the prospect of attaining, after a period of rough and continuous labour as wives of labourers or small cultivators, a better financial position than they could expect in the towns, so much as by the comparative facility of keeping house in a city. And the aversion felt by women for the conditions of life and labour in the country is often the cause of the men's abandoning agriculture.

Among other means of checking the exodus from the country, Prof. Auhagen says that one of the most effectual is the settling of peasants on small holdings of their own. But in many places this is difficult, either because the price of land is too high, or because the peasants, once settled, generally try to increase their holdings by purchasing or renting land so as to form small independant estates.

It is therefore better to form holdings to be let to peasants, but whether there is a possibility of finding men to occupy these must depend on the solution of the question of women's labour. The consequence of an excessive occupation of women in farm work will be to drive away many men, and it is therefore desirable that the work of women and children should be confined to their own land. To enable the wife of a labourer to take care of her house and her children as well as to work in the fields, the latter should be as near as possible to the dwelling. It is generally easier to find tenants who will pay a high rent for land thus situated than such as will take distant farms at a lower rent.

To retain or attract those peasant families, who, from want of means or for other reasons, do not seek to possess farms of their own, Prof. Auhagen recommends an increase in the number of houses to be let in the country. He also suggests that the work done by women for wages might be made more acceptable through other forms of payment. This applies also to temporary labourers, who deserve to be encouraged, when they are chiefly the children and relatives of the labouring man.

Home colonisation in the true sense, that is, the formation of villages through the division of great estates, though not sufficient in itself to solve the question of agricultural labour, may certainly have a favourable influence in the future on the condition of labourers on large rural holdings still undivided.

In many places, for social and political reasons, a desire has been expressed that restrictions should be placed on the work of young girls in factories. A measure of this kind, the Professor points out, would contribute to retain women for agriculture at an age when the future course of their lives is often decided.

Prof. Auhagen was followed by Fräulein Gertrud Dyhrenfurth who spoke of the influence of economic and social conditions on the lives of women in the country. She distinguished many forms of labour, the chief of which are paid field-work, and the work of domestic servants (*Bauernmägde*) in the houses of farmers. Such servants generally belong to the families of labouring men, but the daughters of small proprietors also go into service either for the sake of wages, or to be trained under strangers. The standard of living is generally satisfactory, but girls often long for the city because of a dislike to certain kinds of agricultural labour, and because life in a city offers more attractions, and more chances of marrying.

Fräulein Dyhrenfurth said that in general farm work was suitable for women, offering them physical health as well as wholesome moral surroundings, and at present a good prospect of earning money. To check emigration from the fields she recommended a series of agricultural reforms through which young women in the country might receive a better spiritual, moral and technical education, more amusement and the possibility of rising both socially and economically. The married woman should receive protection and help as a mother, with time and preparation for the care of a family, and the possibility of working successfully some small business of her own. With this end in view, the following conditions should be realised: (1) Regular hours for the work of girls, and compulsory attendance at a technical school; (2) Restriction of the paid work of married women in the interest of their own farms; (3) Facilitation of the purchase of property (*Heimstätten*) and construction of small houses with land for letting; (4) Systematic organisation of benevolent institutions, care and vigilance on the part of women over their houses; (5) Institution of protection for mothers by means of sickness insurance societies, and the organisation of a system of nursing at home; (6) Constitution of societies of housewives connected with societies of domestic servants (registry offices and arbitration commissions, half the members to be employers and half of them employees etc.); (7) The representation of women's interests in all agricultural corporations.

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2. — CONSTITUTION OF THE SOCIETY FOR THE ENCOURAGEMENT OF THE CULTIVATION AND UTILISATION OF POTATOES (*Gesellschaft zur Förderung des Baues und der wirtschaftlich zweckmäßigen Verwendung der Kartoffeln*). — Agreements for regulating production and sale, so frequent in manufacturing enterprises, are seldom entered into by agriculturists, chiefly because the amount of agricultural produce is dependent on natural causes and not alone on human will; also because the large number of farms does not favour understandings among producers. Attempts made in this direction are worthy therefore of careful consideration, especially when their aim reaches beyond the particular advant-



age of any one branch of production, and also, as in the case of the society above mentioned, benefits the whole social economy of a country.

The potato is one of the most important products of German agriculture. The eastern provinces, from their light soil, are particularly adapted for the cultivation of this tuber. But the production is increasing in excess of the quantity consumed, being, in the last decade, on an average, 500,000,000 quintals per year, and in 1913 exceeding that amount. The average quantity per inhabitant was 5.75 quintals per year for 1888-92, and rose to 7.25 quintals in 1902-7 and to beyond 8.25 quintals in 1913. As potatoes cannot be long kept in good condition, scarcely even until the next crop, it follows that the farmers cannot profit much from their abundant crops; and thus regularly in autumn, they offer them at low prices, fearing loss in holding them over, and then in summer there are not enough potatoes as food for cattle.

The new society, founded on 20th. February, at the plenary meeting of the "Association of Spirit Manufacturers in Germany" (*Verein der Spiritusfabrikanten in Deutschland*), wished to change this state of things by promoting the artificial preservation of a part of the crop, and its use as food for fattening livestock. As the consumption of potatoes as human food, and in the manufacture of spirit and starch, cannot increase to a sufficient degree, this seems the only method of escaping from the danger of over-production and may also lead to a more abundant cultivation of the plant. The new methods of preservation already adopted on a large scale, which the society expects to improve as well as render less expensive, provide the technical means for attaining this end. In Germany there are about 440 establishments for the desiccation of potatoes, which produce about 1,500,000 quintals of desiccated potatoes (equal to 6,000,000 quintals of fresh potatoes) but, by means of the complete utilisation of the machinery in winter, three times that quantity might be obtained.

The object of the Society is of great importance from the point of view of general social economics; it is tending gradually to control the entire market for potatoes and the manufactured produce, and to regulate the prices; the preservation and better utilization of potatoes must bring about a balance of the various crops and an increase in the production of meat. Besides all this, the society intends to do its utmost to reduce the cost of sowing and harvesting, and to increase the average quantity produced per ha.

The chief difficulty of the society is the uncertainty whether the majority of the potato-growers can be induced to join its ranks. The enterprise will be facilitated by the fact that over-production exists chiefly in the east of Prussia, especially where great estates abound. In the provinces of that part (that of Saxony included) there are about 18,000 holdings of more than 100 hectares each, which produce a total of about 150,000,000 quintals of potatoes. Also the medium sized and small properties are much interested in the subject, and the way for their union in the society has been prepared by the wide development of co-operative institutions.

Should the number of members be sufficiently large to inspire confidence in the proposed measures, the managing committee will have the right to fix what proportion of the crop must be preserved, taking into account the results of the harvest, and the state of the market of cattle foods. It is calculated that no more than 10 % of the quantity produced will be subject to this compulsory preservation. That the committee may be able to learn the exact state of the markets, members are to let the society know the extent of the area they have planted with potatoes, the yield they expect, and that actually obtained.

The annual contribution for each member is only 10 pf. per hectare cultivated with potatoes. If any member, by reason of special circumstances (for instance facility for sale in the vicinity of great urban centres), wishes to avoid the obligation of preserving part of his crop, he must pay a tax of 2 pf. per quintal or 2 marks per hectare. With the amount of this tax, the society proposes to promote the trade in the manufactured produce of potatoes.

The fact that this society has for its basis the provincial branches of the "Association of Spirit Manufacturers" (*Verein der Spiritusfabrikanten*), the most solid of all the agricultural commercial organisations in Germany, is a proof that the varied conditions of the country will be taken into consideration. But as members of this association, besides being agriculturists, had also to own distilleries, the rules of the new society permit other cultivators of potatoes to be represented on the presidential committees of the sections. The general presidential committee is composed of the committees of the sections, and from among the members of the general committee the managing committee is elected.

Besides the association with which the idea originated, other members of the new society are the "Association of Potato-driers in Germany" (*Verein Deutscher Kartoffeltrockner*) and the "Association of those Interested in Starch Making in Germany" (*Verein der Stärke-Interessenten in Deutschland*) and numerous agricultural corporations. Recognising all the economic and social advantages to be derived from the realisation of this object of the society, the German Council of Agriculture and the Prussian College of Rural Economy have expressed their desire that German agriculturists and their representatives should exert all their energies in behalf of the society about to be established.

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3. — CONSTITUTION OF A PRUSSIAN FEDERATION OF FARMWOMEN'S ASSOCIATIONS (*Preussischer Landesverband landwirtschaftlicher Hausfrauenvereine*). — Of late years Farmwomen's Associations have arisen in increasing numbers, first in the provinces of East Prussia and then in Schleswig-Holstein. Their aim more especially is to instruct their members in domestic economy, to engage in the sale of domestic rural products and to provide, by means of the establishment of shops in cities, good and fresh food supplies for families in urban centres; in fact to equalise

the advantages of city and country. These institutions are widely diffused; chiefly in East Prussia, where there are more than thirty, with a turn over, in 1911, of 722,000 marks, and in 1912 of 865,000 marks.

The women's associations in the four provinces of East Prussia, West Prussia, Pomerania and Schleswig-Holstein, have already formed themselves into provincial federations, and in other provinces they will soon take similar steps.

At an assembly held in Berlin, February 17th., 1914, on the initiative of the "Prussian Royal College of Rural Economy", at which there were present representatives of the four provincial federated societies, and of those farmwomen's societies of provinces in which there are not yet federations, and also delegates from the Chambers of Agriculture concerned, it was decided to establish a "Prussian Federation of Farmwomen's Associations" (*Preussischer Landesverband landwirtschaftlicher Hausfrauenvereine*).

By No. 3 of its rules, the Federation proposes to form a central institution for the work of the provincial federations among the agricultural housewives' associations, and to act as their representative, especially in regard to:

1st., Courses for the completion of the education of housewives in domestic matters.

2nd., Courses of domestic economy for girls.

3rd., Increase in profits from domestic economy and facilitation of sales of produce.

4th., Supply of fresh food to families in the cities.

5th., Encouragement of fruit growing and horticulture, bee and poultry keeping, on scientific principles, as well as other branches of domestic economy.

6th., Struggle against the exodus from the country to cities, maintenance of family life among agricultural labourers, by the creation of profitable household industries; the provision of lucrative, independent, agreeable work for women indoors, or in the cultivation of vegetables and flowers, and provision that women agricultural labourers may have opportunities of sharing in the advantages of the Farmwomen's Associations.

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4. — NEWS ITEMS. \*\*\*\*\* CONGRESSES OF GERMAN CO-OPERATIVE SOCIETIES IN 1914. — (a) The 30th. congress (*Deutscher Landwirtschaftlicher Genossenschaftstag*) of the National Federation of German Agricultural Co-operative Societies (*Reichsverband der deutschen landwirtschaftlichen Genossenschaften*) will be held this year in Breslau from the 6th. to 11th. July. — (b) The member's meeting of the "General Federation of German Co-operative Agricultural Societies", Raiffeisen type (*Generalverband ländlicher Genossenschaften für Deutschland*) and the general meeting of the "Central Rural Loan Bank of Germany" (*Landwirtschaftliche Zentral-Darlehnskasse für Deutschland*)

will be held this year in Berlin from the 3rd. to 5th. June. — (c) The meeting of the “ General Federation of Co-operative Societies ” of Schulze-Delitsch type (*Allgemeiner Verband der auf Selbsthilfe beruhenden deutschen Erwerbs- und Wirtschaftsgenossenschaften*) will be held this year at Mainz from the 18th. to 21st. August.

NATIONAL FEDERATION OF GERMAN AGRICULTURAL CO-OPERATIVE SOCIETIES (*Reichsverband der deutschen landwirtschaftlichen Genossenschaften*) AT THE END OF 1913. — On December 31st., 1913, the National Federation included 28 subordinate federations, 52 central co-operative societies and 15,825 co-operative societies, of which 9,400 were loan and savings banks, 2,276 rural co-operative societies for purchase and sale, 1,899 co-operative dairies, and 2,198 other co-operative societies, with more than 1,570,000 members. Also united with the National Federation are two federations in the province of Silesia: the “ Provincial Federation of Agricultural Co-operative Societies in Silesia ” (*Provinzialverband schlesischer landwirtschaftlicher Genossenschaften*) and the “ Federation of Rural Co-operative Societies in Silesia ” (*Verband schlesischer ländlicher Genossenschaften*) with a total of 1,378 co-operative societies.

THE RAIFFEISEN ORGANISATION AT THE END OF 1913. — The “ General Federation of German Agricultural Co-operative Societies ” (*Generalverband ländlicher Genossenschaften in Deutschland*) numbered on December 31st., 1913, 5,482 affiliated co-operative societies, that is 4,485 associations of the Raiffeisen type (loan and savings banks) and 997 other co-operative societies.

## BELGIUM.

### NEW OFFICIAL STATISTICS OF THE AGRICULTURAL ASSOCIATIONS IN BELGIUM.

#### SOURCES :

EXPOSÉ STATISTIQUE DE LA SITUATION DES ASSOCIATIONS D'INTÉRÊT AGRICOLE PENDANT L'ANNÉE 1911 (*Statistics of the Associations of Agricultural Interest for the Year 1911*). Department of Agriculture and Public Works. Agricultural Division. Brussels, Odry-Mommens, 1913.

The Department of Agriculture and Public Works has recently published a new statistical return of the agricultural associations, the result of a special enquiry held in 1912. The figures are for the end of 1911.

As in previous tables, the societies are divided into five classes, that is :

(a) Agricultural professional unions (agricultural *comices* and leagues, farmwomen's clubs, beekeepers' societies, poultry improvement societies, livestock improvement syndicates, etc) ;

(b) Societies or syndicates for the purchase of seeds, manure, cattle foods, and agricultural machinery ;

(c) Societies or syndicates for the sale of milk and manufacture and sale of butter and cheese (co-operative dairies) ;

(d) Land credit societies (agricultural counting houses. Raiffeisen banks, central land credit banks, Schulze-Delitzsch banks).

(e) Agricultural insurance societies (for livestock insurance and insurance of agricultural produce).

In this article we shall give the most important figures for the first four classes of associations, reserving for a future article those relating to the insurance societies.

## § I. AGRICULTURAL PROFESSIONAL UNIONS.

On December 31st., 1911, there were in Belgium 1,978 agricultural societies and federations recognised in accordance with the law of March 31st., 1898 on professional unions. They were divided as follows :

3	Agricultural comices ;
814	" leagues ;
29	Farmwomen's clubs ;
253	Horned cattle improvement syndicates ;
3	Horse " "
340	Goat " "
4	Sheep " "
14	Unions for the improvement of dogs for draught purposes ;
5	Syndicates " " " " "
88	Rabbit improvement societies ;
44	Pig " "
19	Apiculture societies ;
35	Horticultural " "
1	Society for the cultivation of trees ;
20	Market gardeners' societies ;
1	Society for the prevention of the adulteration of butter ;
1	Veterinary surgeons' society ;
1	Winegrowers' society ;
154	Poultry improvement societies ;
8	Beetroot growers' societies ;
13	Chicory " "
20	Tobacco " "
36	Hop " "
23	Strawberry " "
6	Pea " "
1	Agricultural labourers' society ;
4	Provincial federations of agricultural leagues ;
1	District federation " " "
2	Cantonal federations " " "
1	Federation of chicory growers ;
1	District federation of pea growers ;
1	" " of market gardeners' societies ;
1	National federation of poultry improvers' unions ;
1	Regional " " " " "
2	Provincial federations " " " " "
2	District " " " " "
1	District federation of rabbit and poultry improvement syndicates ;

- 4 Provincial federations of horned cattle improvement syndicates ;  
 3 District " " " " "  
 1 Regional federation " " "  
 3 Provincial federations of goat improvement syndicates ;  
 7 District " " " " "  
 2 Provincial federations of pig " "  
 1 District federation " " " "  
 3 Regional federations of profession hop growers unions' ;  
 1 " federation of strawberry growers' unions.

1,978

Let us briefly consider the most characteristic groups of these societies.

1. *Agricultural Comices*. — In accordance with the Royal Decree of October 15th., 1889, which settles their organisation, the *comices* aim at the advance of agriculture, encouraging it by means of shows, exhibitions and experimental farms. In 1911, indeed, they organised 90 shows, awarding altogether 217,973 frs. in prizes.

The principal figures for 1911 for the 167 *comices* existing in the kingdom are summarised in the following table :

TABLE I. — *Situation of the Agricultural Comices in 1911.*

Provinces	Number of Comices	Number of Members	Revenue	Expenditure
			frs.	frs.
Antwerp . . . . .	20	2,932	30,412	20,249
Brabant . . . . .	21	4,678	57,818	46,648
West Flanders . . . . .	13	2,995	41,582	38,656
East Flanders . . . . .	29	6,064	58,321	49,015
Hainaut . . . . .	19	5,982	51,382	23,880
Liège . . . . .	15	5,484	43,002	25,722
Limbourg . . . . .	13	1,563	19,374	15,386
Luxembourg . . . . .	20	8,429	60,871	54,243
Namur . . . . .	17	2,513	38,211	26,054
Total . . . . .	167	40,640	400,973	299,853

These *Comices* are united in provincial federations, called *Provincial Agricultural Societies*.

2. *Agricultural Leagues*. — These are the voluntary farmers' unions, called *gildes*, formed for the study and defence of agricultural interests the field of whose action is limited to a hamlet or one or more communes. Almost all are members of some federation, either cantonal, provincial or

national. The most important of these is the *Boerenbond* (Peasants' League), with its head quarters at Louvain, of which we have frequently spoken (1).

On December 31st., 1911, there were 1,200 agricultural leagues, of which 814 had taken the form of professional unions (2).

The 1,200 leagues had 78,123 members, of whom 42,539 belonged to recognised unions.

The following table shows the distribution of these leagues according to provinces:

TABLE II. — *Distribution of Agricultural Leagues, according to provinces.*

Province	Leagues Recognised as Professional Unions		Leagues not Recognised	
	Number of Leagues	Number of Members	Number of Leagues	Number of Members
Antwerp . . . . .	8	582	84	7,093
Brabant . . . . .	84	5,543	29	4,027
West Flanders . . . . .	124	10,952	49	4,078
East Flanders . . . . .	76	5,302	38	5,221
Hainaut . . . . .	32	1,789	27	1,398
Liège . . . . .	58	2,857	5	308
Limbourg . . . . .	15	1,378	147	13,092
Luxembourg . . . . .	281	8,637	7	367
Namur . . . . .	136	5,499	—	—
Total . . . . .	814	42,539	386	35,584

The action of the agricultural leagues is exerted in the field of co-operation and mutuality: in fact, in connection with the *boerengilde*, there is always a co-operative institution, formed among its members. Generally, a department is first formed for the collective purchase of necessities, which often enters into business relations with similar departments of other associations, so as to group together several orders for goods. Thus have arisen the *Central Purchase Societies* which, on account of the importance of their business, are able to deal directly with the producers and the large dealers. Thus the purchase departments of the leagues affiliated to the Louvain *Boerenbond* supply themselves from the central counting house (purchase and sale office) of the *Boerenbond*, formed with a capital of 217,000 frs. (3).

(1) See *Bulletin of Economic and Social Intelligence*, March, 1912, pp. 63 et seqq. and November, 1913 pp. 9 et seqq.

(2) See *Bulletin of Economic and Social Intelligence*, December, 1910, p. 63.

(3) See *Bulletin of Economic and Social Intelligence*, November, 1913, p. 12.



Except the *Landbouwsyndikaat van Brugge*, which is a profit sharing association, the *purchase counting houses* instituted by the provincial federations of leagues are co-operative in form, and do business also with outsiders.

The leagues likewise transact agricultural credit and insurance business, promote the foundation of livestock improvement syndicates, diffuse the principles of agricultural science by means of lectures, educational courses and papers published by their federations, work as technical and legal advisory offices for members and interest themselves in finding employment for labourers. On December 31st., 1911, the leagues recognised as professional unions had 6,787 labourer members in a total of 42,539.

3. *Farmwomen's Clubs*. — We have already more than once dealt with these characteristic institutions which aim at forming good mothers and competent housewives and in which Belgium sees a means of combating the rural exodus (1). The farmwomen's clubs carry on their work by means of circulating libraries, lectures, visits to model farms and agricultural shows and exhibitions.

On December 31st., 1911 there were 104 with 13,273 members and they had given in the course of the year 532 lectures, attended by 55,713 persons.

At present there are more than 200 farmwomen's clubs in Belgium.

4. *Apicultural Societies*. — On December 31st., 1911 there were 230 apicultural societies, with 7,492 members, that is an average of 33 members per society. Under the auspices and with the assistance of their federations, 383 agricultural lectures were delivered.

The *Syndicate Chamber of Apiculture*, with head quarters at Brussels, has as members chiefly delegates of the apicultural federations and forms a national committee for the defence of the beekeepers' interests. The provinces in which there are the largest number of apicultural societies are those of Brabant (49), Luxembourg (31), Hainaut (30) and Liège (30).

5. *Poultry Improvement Societies*. — The 145 poultry improvement societies existing on December 31st., 1911, had 7,225 members or on an average about 50 per society. They are specially numerous in Brabant (45) and Luxembourg (29).

Of these societies 46 are affiliated to the *Belgian National Poultry Improvement Federation*; 21 to the *Belgian Ornithological League for the Protection of Useful Birds and the Propaganda of the Science of Poultry Improvement*; 15 make up the *National Federation of the Belgian Professional Poultry Improvement Unions* and 33 societies of the district of Brussels are united in the *Poultry Improvement Federation of the District*.

In the work carried out during the year by the National Federation, let us mention the revision of the standards of Belgian poultry. The various associations have promoted 267 poultry improvement lectures in 82 localities.

(1) See *Bulletin of Economic and Social Intelligence*, May, 1911, pp. 43 et seqq. and October, 1913, pp. 1 et seqq.

6. *Horned Cattle Improvement Syndicates*. — On December 31st., 1911, there were 537 horned cattle improvement societies with 21,972 members, possessing 71,882 head of livestock registered in the books of the society. Most of them are found in the Provinces of East Flanders (156), West Flanders (122) and Brabant (146).

For greater unity of action, the syndicates of East Flanders and the provinces of Antwerp, Limbourg, Luxembourg, and Namur have united in provincial federations.

7. *Goat, Rabbit and Pig Syndicates*. — At the above date, there were 501 goat syndicates with 44,259 members, possessing 52,651 goats. They are almost all to be found in Flanders. In the same region there are also 43 rabbit improvement syndicates with 1,213 members. Finally, the pig improvers have formed 25 syndicates, with 513 members altogether. Most of them belong to East Flanders and the district of Brussels.

8. *Hop Growers' Syndicates*. — At the end of 1911, there were 38 of these, with 1,991 members cultivating 1,248 hectares with hops.

These associations have largely contributed to the improvement of the cultivation of hops, exerting their action by means of lectures, experimental farms, market shows etc.

9. *Beetroot Growers' Syndicates*. — At the above date, there were 152 syndicates, the object of which was to determine the weight and sugar percentage of the beetroot supplied by members to the manufactories. A certain number in the province of Hainaut, also contemplate the collective purchase of seeds.

These 152 syndicates, most of them belonging to the Province of Hainaut (99), had 4,910 members and the value of the beetroot tested by them in 1911 amounted to 6,624,685 frs.

## § 2. SOCIETIES FOR THE PURCHASE OF SEEDS, MANURE, CATTLE FOODS AND AGRICULTURAL MACHINERY.

The statistics for 1911 give 1,260 societies of this kind, amongst which, in addition to the syndicates properly so called formed as co-operative societies in accordance with the law of May 18th., 1873 on commercial societies (1), there are also purchase departments in the agricultural *comices* and leagues with which we have already dealt.

The 1,260 organisations reported were distributed as follows in the various provinces; Luxembourg 258, Brabant 178, West Flanders 173, Namur 166, Limbourg 149, Antwerp 108, Hainaut 107 Liège 63, East Flanders 58.

The number of members was altogether 77,850 and the total purchases made in the year amounted to 20,382,831 frs: as under:

(1) In regard to the legal regime of the commercial societies in Belgium, see the article in the number of this Bulletin for January 1914, pp. 12 et seqq.

Cattle Foods . . . . .	frs.	12,866,512
Manure . . . . .	»	6,516 757
Seeds . . . . .	»	375,755
Machinery . . . . .	»	200,074
Other Articles . . . . .	»	423,733

At the end of 1909, there were 1,123 purchase societies and departments, with 70,218 members, doing a business amounting to 17,944,382 frs.

§ 3. SOCIETIES FOR SALE OF MILK, MANUFACTURE AND SALE OF BUTTER AND CHEESE.

The number of co-operative dairies in 1911 was 675, of which 559 were working and had 57,474 members (an average of 103 per society), and possessed 196,338 cows (an average of 3.4 per member).

The dairies working were distributed as follows: Linbourg 139, Luxembourg 123, Brabant 68, East Flanders 63, Antwerp 62, Liège 44, West Flanders 32, Hainaut 19, Namur 9. In the course of the year, the sales were as follows:

Butter . . . . .	frs.	39,213,801
Milk . . . . .	»	280,996
Cheese . . . . .	»	33,953
Other Products . . . . .	»	313,302
Total . . . . .		frs. 39,842,052

that is to say, on an average 71,625 frs. per society and 693 frs. per member.

§ 4. LAND CREDIT SOCIETIES.

The land credit institutions of Belgium are of two kinds, the *Agricultural counting houses* and the *Raiffeisen rural banks*.

1. *Agricultural Counting Houses*.—The law of April 15th., 1884 authorizes the General Savings Bank to invest part of its funds in loans to farmers through these counting houses: they are councils, composed of not less than three persons of competence in agricultural matters united in a society of collective title and undertake to ascertain the degree of credit the borrowers may be given and their solvency, as well as to supervise the current business and prosecute insolvent debtors: they are jointly and severally liable and receive from the institute of credit lending a *del credere* commission corresponding with the guarantee given. The counting houses are therefore intermediaries between the Bank and the individual borrowers.

At present there are 16 of them. The loans in course effected by their means were on December 31st., 1911, 4,537, for an amount of 14,915,311 frs. In 1911, 796 were granted for 3,034,670 frs. The amount in the majority of cases (627) is between 1,000 and 10,000 frs.

2. *Rural Banks*.—The second class of Belgian land credit institutions is that of the Raiffeisen rural banks conforming with the law of May 18th.,

1873 on commercial societies. With regard to these the statistical report gives no information.

By law of June 21st., 1894, the General Savings and Pension Bank facilitates their work, opening credits for them on the security of the central banks (limited liability societies).

Of these at the end of 1911, there were eight, amongst which the most important is that of the *Boerenbond*. But the rural banks only make use of the funds placed at their disposal to a limited degree, employing almost exclusively for their work their own funds and those of their federations. In fact, on December 31st., 1911, 233 Raiffeisen banks had been credited by the above Institute with an amount of 990,032 francs; but they only availed themselves of 278,822 frs. of this amount. On the other hand, the 8 central and 268 local banks had at the same date deposited with the General Bank, either in current account or in savings bank books, a total amount of 6,196,577 frs.

The situation of the 8 central banks on December 31st., 1911 was as follows :

*Situation of the Central Land Credit Banks, on December 31st., 1911.*

Head Quarters of the Central Banks	Number of Affiliated Local Banks.	Number of Credit Accounts Opened at the General Bank on the Guarantee of the Central Banks (December 31st., 1911).	Amount of Credits Opened.	Number of Credits Opened Di- rectly by the Central Banks (December 31st., 1911).	Amount of Credits Opened Directly by the Central Banks.	Deposits of the Local Banks in the Central Banks (De- cember 31st., 1911).	Reserve Fund
Louvain (1) . . . . .	333	38	181,500	—	—	—	—
Liège . . . . .	34	28	159,700	12	52,200	69,993	2,761
Enghien . . . . .	86	51	262,086	—	—	—	—
Arlon . . . . .	112	91	268,400	3	4,200	—	21,207
Bruges . . . . .	28	—	—	2	50,000	354,840	4,135
Ermeton-s/Biert . . . .	17	13	68,200	—	—	—	841
Sivry . . . . .	11	9	38,996	11	54,500	495,903	16,718
Namur . . . . .	8	3	11,150	—	—	—	—
Total . . . . .	629	233	990,032	28	160,900	920,736	45,662

(1) The Louvain Central Bank, which belongs to the *Boerenbond*, has formed a land credit department, which in 1911 had granted 1,0 loans on land for an amount of 597,825 frs.

There are also two people's banks of Schulze-Delitzsch type, those of Goé-Limbourg and Argenteau, which, as they lend especially to farmers, may be considered as agricultural banks. The statistical return gives no details of their work.

## BRITISH INDIA.

### CO-OPERATIVE CREDIT IN INDIA IN 1911-12.

#### OFFICIAL SOURCES:

- STATEMENT EXHIBITING THE MORAL AND MATERIAL PROGRESS AND CONDITION OF INDIA DURING THE YEAR 1911-12. London: Eyte and Spottiswoode, 1913.
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- ANNUAL REPORTS ON THE WORKING OF CO-OPERATIVE CREDIT SOCIETIES FOR THE YEAR 1911-12, IN:
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  - BOMBAY PRESIDENCY INCLUDING SIND. Bombay: Government Central Press, 1912.
  - BENGAL. Calcutta: The Bengal Secretariat Book Depot, 1912.
  - BURMA. Rangoon: Office of the Superintendent Government Printing, 1912.
  - PUNJAB. Lāhore: Punjab Government Press, 1912.
  - UNITED PROVINCES OF AGRA AND OUDH. Allahabad: Government Press, 1912.
  - CENTRAL PROVINCES AND BEHAR. Nagpur: Government Press, 1912.
  - ASSAM. Shillong: Assam Secretariat Printing Office, 1912.
  - COORG. Mercara: Coorg District Press, 1912.
  - MYSORE. Bangalore: The Government Press, 1912.
- PROCEEDINGS OF THE SIXTH CONFERENCE OF REGISTRARS OF CO-OPERATIVE CREDIT SOCIETIES. Simla. Government Press, 1912.

#### I. — GENERAL PROGRESS OF AGRICULTURAL CO-OPERATION.

##### § 1. CO-OPERATIVE CREDIT SOCIETIES FROM 1904 TO 1912.

The development of co-operation in India may be said to begin with the passing of the Co-operative Credit Societies Act in 1904, and the repeal of that Act, in June, 1912, marks the close of one period in the history of the movement.

Progress must be pronounced to have been extraordinarily rapid, even when allowance is made for the fact that India has profited by the experience of other countries. In 1905, when the Act had been a year in operation,

For previous articles on Co-operative Credit in India see the *Bulletin of Economic and Social Intelligence*, December, 1910, December 1912 and March, 1913.

there were 41 co-operative societies in existence ; in 1912 there were 8,177. In the former year the total working capital was only £3,608 ; in the latter year it was £ 2,238,000, and there were more than 403,000 members in co-operative credit societies. Even so, to quote the words of the official report, "the movement has touched only the fringe of the vast population concerned."

The real progress of the movement cannot be represented adequately by figures alone, since progress has to be estimated qualitatively as well as quantitatively, but there is every reason to believe that it has been sound as well as rapid. The Provincial Registrars appointed under the 1904 Act were instructed to act cautiously and progress gradually. They have concentrated their efforts on consolidating the movement and have consistently opposed the tendency towards undue expansion. The Act laid down broad general principles and left to the Local Governments and the Registrars the task of drawing up rules adapted to local conditions. The Act itself was framed on lines already tried and proved sound in European systems of co-operative credit, and the persons responsible for guiding the movement in India have welcomed criticism and been very willing to accept advice from specially competent persons in other countries.

The Registrars hold Annual Conferences to discuss questions affecting the welfare of the societies, and the resolutions passed by the various Conferences have served, to a very appreciable extent, to direct the whole movement on sound lines.

Whenever possible the Registrars seek the co-operation of non-official persons. Voluntary workers often possess a knowledge of local conditions which makes their advice and assistance of inestimable value, and their connection with the movement should safeguard it against the danger of becoming officialized. The Registrars look to voluntary helpers to accomplish much of the work of propaganda and instruction, and, what is still more important, to exercise a general supervision over the transactions of the local societies.

The Act of 1904 laid down that a society should consist of persons residing in the same town or village, or the same group of villages, or, subject to the approval of the Registrar, of members of the same tribe, class or caste. In "Rural" societies it was required that four-fifths of the members should be agriculturists, and in "Urban" societies that the same proportion should be non-agriculturists. Except with the consent of the Local Government, liability in the case of Rural societies was to be unlimited; in Urban societies, liability might be limited or unlimited. Loans were to be made to members only, or, with the approval of the Registrar, to Rural societies.

Societies of both kinds were required to provide for building up a reserve fund. Limitations were placed on the interest which might be held in a society by any member and on the transfer of shares, and provision was made for compulsory audit and inspection by the Registrar.

As was anticipated, the development of co-operative credit has proceeded on somewhat different lines in different parts of India, but in general two main problems have presented themselves, relating to the difficulty

of securing funds, and to the even greater difficulty of providing for the adequate supervision of all societies. It cannot be said yet that either problem has been solved, and it is for this reason that the Registrars have followed a policy of consolidation rather than extension, but there is at least general agreement as to the lines upon which they must be solved. Central societies have been created in every Province for the purpose of leading to other societies, and have already proved their ability to attract outside capital.

The question of finances is now largely one of regulating the relations between local societies and central banking institutions. The solution of the problem of supervision is being sought in the formation of societies into Unions which will assume much of the work of examination, audit and inspection. Already in the United Provinces and the Central Provinces the Government staff is outnumbered by the staff of inspectors, auditors and clerks entertained by the societies themselves. At the same time there is no intention of relaxing official supervision and control. Some of the Unions act also as central banks: they serve, that is to say the double purpose of supervising affiliated societies and financing them.

The majority of the co-operative credit societies in India are agricultural societies. In 1912, out of a total of 8,177 societies, no less than 7,562 are classed as Rural. A few societies have been formed among the members of a single trade or profession.

There is a general desire to associate the co-operative movement with the technical and economic development of agriculture, and this has led to the formation of a small number of societies for co-operative purchase and sale. The necessity of providing for the development of all forms of co-operation led to the passing of a new Act which came into force on July 1st, 1912. Before examining the provisions of the new Act, however, it will be convenient to give some figures showing the general progress of the co-operative societies in British India under the Act of 1904. The following table is reproduced from the *Fifth Decennial Report on the Moral and Material Progress and Condition of India*. The figures include, in years previous to 1911-12, those for the native state of Mysore, in which (as also in Baroda) co-operative credit societies have developed under an enactment similar to that in force in British India.

TABLE I. — *General Progress of Co-operative Societies, 1904-1912.*

	1904-05	1905-06	1906-07	1907-08	1908-09	1909-10	1910-11	1911-12
Number of societies at end of year:								
Central . . . . .	—	9	14	7	15	32	60	120
Urban . . . . .	6	37	89	149	227	321	415	495
Rural . . . . .	35	237	740	1,201	1,766	3,145	4,957	7,562
Total . . . . .	41	283	843	1,357	2,008	3,498	5,432	8,177
Number of members . . . . .								
	—	28,629	90,844	1,49,160	1,84,889	2,30,698	3,14,101	4,03,318
Working capital at end of year:								
Loans from private persons . . . . .	£ —	£ 9,369	£ 43,740	£ 82,900	£ 166,354	£ 232,179	£ 356,755	£ 589,318
Loans from other societies . . . . .	—	—	16,028	38,984	106,411	201,007	395,714	736,102
Share capital . . . . .	—	8,747	37,054	62,395	98,483	153,889	226,072	350,536
Deposits by members . . . . .	—	8,262	38,402	61,301	107,868	168,888	284,073	433,847
State aid . . . . .	643	4,677	18,982	43,454	45,743	48,118	57,165	62,311
Reserve . . . . .	—	493	3,906	5,237	12,885	22,430	37,391	66,164
Total . . . . .	3,608	31,548	158,112	294,272	537,674	826,512	1,357,772	2,238,277
Expenditure during year:								
Loans repaid to private persons . . . . .	—	1,357	10,079	2,798	94,022	106,950	129,067	310,278
Loans issued to members . . . . .	—	22,696	158,931	246,201	399,995	530,160	797,955	1,198,068
Purchase of raw materials and stores . . . . .	—	6,754	21,045	26,044	44,959	50,355	44,580	68,765
Profits . . . . .	—	1,277	7,508	12,061	21,751	31,460	46,195	71,816
Total . . . . .	—	32,084	197,563	311,104	560,726	718,926	1,017,197	1,643,928



## § 2. THE "CO-OPERATIVE SOCIETIES ACT, 1912."

Experience in the working of the earlier Act had shown the desirability of widening its scope and amending some of its detailed provisions. The Act was accordingly repealed and replaced by a new act entitled "The Co-operative Societies Act, 1912", which came into force on July 1st, 1912. The earlier Act is entitled "The Co-operative Credit Societies Act, 1904" and the difference in the titles of the two Acts marks the first change. The new Act provides for the registration of any Society "which has as its object the promotion of the economic interest of its members in accordance with co-operative principles", or any Society "established with the object of facilitating the operations of such a Society" All forms of co-operation, therefore, are recognized, including co-operative credit. The distinction between Urban and Rural societies is dropped, but the provision that agricultural credit societies shall generally be founded on unlimited liability, is retained. A new feature of the Act is the recognition of societies, the members of which are other co-operative societies, and a sharp distinction is drawn between societies composed exclusively of individuals and societies in which any one member is a registered society. The changes already enumerated, as well as some amendments of minor importance, may be shown by comparing certain clauses in the new Act with the corresponding clauses in the old, arranging the text in parallel columns.

## ACT OF 1904.

## ACT OF 1912.

*Sub-title.*

An Act to provide for the constitution and control of Co-operative Credit Societies.

An Act to amend the Law relating to Co-operative Societies.

*Constitution of Societies.*

A society shall consist of ten or more persons above the age of eighteen years

(a) residing in the same town or village or in the same group of villages ; or

(b) subject to the sanction of the Registrar, consisting of members of the same tribe, class or caste.

No society, other than a society of which a member is a registered society, shall be registered under this Act which does not consist of at least ten persons above the age of eighteen years and, where the object of the society is the creation of funds to be lent to its members unless such persons

(a) reside in the same town or village or group of villages ; or

(b) save where the Registrar otherwise directs, are members of the same tribe, class, caste or occupation.

*Liability of Members.*

The liability of each member of a society for the debts of the society shall be as follows :

(a) in the case of a rural society such liability shall, save with the special sanction of the Local Government, be unlimited;

(b) in the case of an urban society, such liability shall be limited or unlimited, as may be provided by the by-laws or by any rules made under this Act.

Provided that unless the Local Government by general or special order otherwise directs —

(1) the liability of a society of which a member is a registered society shall be limited;

(2) the liability of a society of which the object is the creation of funds to be lent to its members and of which the majority of the members are agriculturists, and of which no member is a registered society, shall be unlimited.

*Restrictions on Loans.*

A society shall make no loan to any person other than a member :

Provided that, with the consent of the Registrar, a society may make loans to a rural society.

A registered society shall not make a loan to any person other than a member :

Provided that with the general or special sanction of the Registrar, a registered society may make loans to another registered society.

*Investment of Funds.*

A society may deposit its funds in the Government Savings Banks or with any banker or person acting as a banker approved for this purpose by the Registrar.

A registered society may invest or deposit its funds —

(a) in the Government Savings Bank, or

(b) in any of the securities specified in section 20 of the Indian Trusts Act, 1882, or

(c) in the shares or on the security of any other registered society, or

(d) with any bank or person carrying on the business of banking, approved for this purpose by the Registrar, or

(e) in any other mode permitted by the rules.

*Division of Profits.*

(1) No dividend or payment on account of profits shall be paid to

No part of the funds of a registered society shall be divided by way

a member of a rural society, but all profits made by such a society shall be carried to a fund (to be called the reserve fund) :

Provided that when such reserve fund has attained such proportion to the total liability of the society, and when the interest on loans to members has been reduced to such rates as may be determined by the by-laws or rules made under this Act, any further profits of the society, not exceeding three-fourth of the total annual profits, may be distributed to members by way of bonus.

(2) Not less than one-fourth of the profits in each year of an urban society shall be carried to a fund (to be called the reserve fund) before any dividend or payment on account of profits is paid to the members or any of them.

Both Acts give power to the Local Government, that is, to each Provincial Government, to exempt any society from any of the conditions laid down as to registration, and from any of the provision of the Act. The object of granting such power of exemption is to enable the Act to be extended to certain societies already established in some of the Provinces, and which differ somewhat from the type of society contemplated by the Acts.

The new Act contains a provision which prohibits any person, other than a registered society, from carrying on business under any name or title of which the word "Co-operative" is part, which was not in use on the date of the coming into force of the Act, without the sanction of the Local Government.

The Act of 1904 is repealed, but societies registered under it are deemed to be registered under the new Act, and their by-laws need only be altered or rescinded in so far as they are inconsistent with the express provisions of the new Act.

## II. — RURAL SOCIETIES IN 1911-12.

From the Reports of the Registrars, transmitted to the Provincial Governments, the Government of India compiles statistical statements showing the progress of the movement in British India. No report, however, accompanies the statements, which are published with a short explanatory

of bonus or dividend or otherwise among its members :

Provided that after at least one-fourth of the net profits in any year have been carried to a reserve fund, payments from the remainder of such profits and from any profit of past years available for distribution may be made among the members to such extent and under such conditions as may be prescribed by the rules or by-laws :

Provided also that in the case of a society with unlimited liability no distribution of profits shall be made without the general or special order of the Local Government in this behalf.

note only. We shall deal here with the progress and working of Rural societies during the year ending June 30th, 1912, as shown in the statistical statements and described in the Provincial Registrars' reports.

### § I. GENERAL PROGRESS.

The general progress of Rural societies is shown in the tables below. In this, as in all of the tables, the figures relating to Mysore are omitted for the first time in 1911-12.

TABLE II. — *Progress of Rural Societies, 1909 to 1912.*

	1909	1910	1911	1912
Number of Societies . . . . .	1,761	3,145	4,957	7,562
Membership :				
Aggregate . . . . .	116,907	165,592	238,978	324,860
Average . . . . .	66	53	48	43
Working Capital:	<i>Rupees. (1)</i>	<i>Rupees.</i>	<i>Rupees.</i>	<i>Rupees.</i>
Aggregate . . . . .	40,71,868	66,54,035	1,10,18,863	1,82,29,061
Average . . . . .	2,312	2,116	2,223	2,410
Loans Outstanding:				
Aggregate . . . . .	36,69,533	61,61,971	1,03,89,674	1,74,67,950
Average . . . . .	2,082	1,959	2,096	2,309
	1908-09	1909-10	1910-11	1911-12
Loans Granted:	<i>Rupees.</i>	<i>Rupees.</i>	<i>Rupees.</i>	<i>Rupees.</i>
Aggregate . . . . .	37,71,942	56,36,064	94,26,911	1,44,32,036
Average . . . . .	2,142	1,792	1,902	1,908

(1) A rupee is equal to 1s. 4d. or 1 fr. 68. The figures are divided so as to show the number of lakhs, a lakh being 100,000 rupees.

The most striking fact revealed by the above figures is the unprecedented increase in the number of Rural societies during the year under review, in which no less than 2,605 new societies were registered. Part of the increase is due undoubtedly to the breaking up of large societies extending over a number of villages into several one-village societies, and this at the same time helps to explain the decrease in the average membership; but on the whole it is due to the fact that the year was regarded as favour-

able to expansion. The last annual Report for the Central Provinces, for the year ending June 30th, 1911, contained the following resolution : " Co-operative work in these provinces is now about to enter upon a fresh stage in its existence. Hitherto the policy followed has been one of cautious experiment. Co-operative principles have now been shaped by experience to meet local requirements ; and though of course, further progress may be looked for in the direction of improved methods and increased knowledge, the time has undoubtedly come to undertake the expansion of the movement on broad lines." This policy, the Registrar says in his report, was accordingly adopted for the year under review.

The Registrar in the Punjab shared the opinion of his colleague in the Central Provinces, and, incidentally, gives a rather curious and decidedly significant reason why the increase in the number of registered societies was unusually rapid. He writes : " I am quite awake to the danger of too quick expansion, but people are keen, money is fairly plentiful, and we should, I think, take advantage of the tide. More is lost by over-timidity than by over-confidence. ... It must also be added that it is not always possible to refuse applications for registration. For instance, in part of the Gurdaspur district the moneylenders carried their hostility so far as to refuse advances even in villages in which there was no bank, because they were convinced that banks would be started in them before long. The result was that in order to provide these people with the means of existence, I was compelled to form societies earlier than would otherwise have been done ; and this partly explains the large increase of societies in Gurdaspur ".

In spite of the large number of new societies registered, there has been no relaxing of the procedure and rules relating to registration. On the contrary, the preliminary examination of societies applying for recognition tends to become more searching, the Registrar being assisted in carrying out his enquiries by officers of the Central Unions and by voluntary organizers. At the same time weak societies have been dissolved and other societies have been purged of undesirable members.

The Registrar in the United Provinces reports as follows : " A full local inquiry is made before applications come to me and they are then subjected to close scrutiny. A large number have to be refused or kept pending further investigation." Again, the Registrar in the Central Provinces, who, as we have noted, favoured a policy of expansion, says : " Rapid though the growth of the movement was during the year, the Local Government were satisfied that it was unforced, and was, moreover, subjected to careful pruning and control. Unwieldy societies were reduced in size, weakly societies reorganized or weeded out, and undesirable members eliminated. "

The average number of members per society in 1911-12 is only 43, which is the lowest number recorded since the passing of the Act. This is accounted for by the large number of new societies founded during the year — newly registered societies having as a rule only a small number of members — and by the breaking up of large societies to which reference has already been made.

TABLE III. — *General Progress of Rural Societies, 1911-12, by Provinces.*

Province.	Kind of Societies.				Number of Societies.		Number of Members.		Working Capital.*	
	Credit.		Other.		June 30th, 1911	June 30th, 1912	June 30th, 1911	June 30th, 1912	June 30th, 1911	June 30th, 1912
	Limited Liability	Unlimited Liability	Limited Liability	Unlimited Liability					Rs.	Rs.
Madras . . . . .	6	910	—	—	560	916	34,086	51,986	23,94,169	36,03,468
Bombay . . . . .	—	282	—	2	182	284	12,747	19,247	4,88,552	14,47,118
Bengal . . . . .	—	873	—	2	666	875	22,622	28,776	8,94,622	14,71,670
United Provinces . .	—	1,711	—	30	1,108	1,741	59,639	68,981	19,44,095	27,32,301
Punjab . . . . .	5	1,696	—	16	1,074	1,717	59,529	89,758	29,48,929	56,31,716
Burma . . . . .	—	444	—	—	444	691	11,185	16,821	12,76,309	18,52,043
Bihar and Orissa . .	—	489	—	2	389	491	19,885	25,482	4,19,746	6,10,717
Assam . . . . .	—	125	—	—	100	125	5,977	7,855	1,58,234	2,05,594
Central Provinces . .	—	540	—	—	280	540	7,203	9,516	2,48,027	5,78,695
Coorg . . . . .	13	9	—	—	22	22	1,096	2,179	64,164	78,792
Ajmer . . . . .	—	160	—	—	38	160	1,304	4,259	61,185	2,16,947
Total . . . . .	24	7,239	—	52	4,883	7,562	236,173	324,860	1,08,98,632	1,82,29,061

\* Includes loans from non-members, loans from other Societies, share capital, deposits by members, state-aid and reserve fund.

The figures in Table II, relating to average working capital and average loans outstanding per society, show slight and quite normal increases. The average amount of loans granted per society is practically the same in 1911-12 as in the previous year.

The next table (Table III) shows, by Provinces, the number and kind of societies, number of members and amount of working capital.

The above table includes all the British Provinces except the North-West Frontier Province and Baluchistan. In the former Province the co-operative movement has as yet made little progress, and since the close of the year under review, steps have been taken for the liquidation of the few societies which existed in 1912. The Act has not yet been applied in Baluchistan.

In the native state of Mysore, on June 30th, 1912, there were 129 Rural societies with 3,679 members and an aggregate working capital of Rs. 96,240. In Baroda on the same date, there were 122 societies of all kinds with a total membership of 2,815, but we have no information as to how many of the societies were Rural societies.

We may complete our sketch of the general progress of Rural societies by presenting the figures relating to aggregate receipts and disbursements, aggregate profit and loss, etc., for the year 1911-12.

TABLE IV. — *Rural Societies: Aggregate Receipts and Disbursements.*

Receipts.	Rs.	Disbursements.	Rs.
Share Payments . . . . .	9,15,720	Share Capital Withdrawn . . . . .	85,379
Entrance Fees . . . . .	54,173	Deposits Withdrawn . . . . .	7,52,287
Deposits by Members . . . . .	13,26,179	Loans Repaid to:	
Loans from Other Sources:		Government . . . . .	64,912
Government . . . . .	2,56,184	Other Societies . . . . .	30,96,688
Other Societies . . . . .	73,26,461	Non-members . . . . .	6,45,060
Non-members . . . . .	13,45,757	Loans to Members . . . . .	1,38,23,935
Loans Repaid by Members . . . . .	75,04,969	Loans to Other Societies . . . . .	6,08,101
Loans Repaid by Other Societies . . . . .	2,15,612	Interest Paid . . . . .	8,08,031
Interest Received . . . . .	13,52,974	Dividend and Bonus Paid . . . . .	9,780
Sale Proceeds of Stock . . . . .	62,871	Stock Bought . . . . .	81,795
Other Income . . . . .	74,251	Establishment and Contingencies . . . . .	1,15,475
		Other Items . . . . .	1,54,306
		Carried to Reserve . . . . .	1,14,321
<b>Total . . . . .</b>	<b>2,04,35,151</b>	<b>Total . . . . .</b>	<b>2,03,60,070</b>
Grand Total (including Opening Balance) . . . . .	2,11,16,555	Grand Total (including Closing Balance) . . . . .	2,11,16,652

It will be noticed that there is a slight discrepancy in the final totals as shown in the above table. It is very probable that some small item either in the opening or in the closing balance needs to be adjusted, but we give the official figures as they stand.

TABLE V. — *Rural Societies: Aggregate Profit and Loss Account.*

Profit.		Loss.	
	Rs.		Rs.
Interest Earned . . . . .	16,30,305	Interest Paid and Due . . . . .	9,50,440
Gross Profit on Sales of Stock . . . . .	9,204	Establishment and Contingent Charges . . . . .	1,22,264
Other Items . . . . .	83,133	Debts Written Off . . . . .	540
Total . . . . .	17,22,643	Depreciation of Stock . . . . .	335
Total (Loss) . . . . .	10,94,281	Other Items . . . . .	22,700
Net Profit . . . . .	6,28,362	Total . . . . .	10,94,281

In the above table a net profit is shown of Rs. 6,28,362. In the official statement of profit or loss by Provinces, an aggregate net profit is shown of Rs. 6,27,689 which may be taken as the amended figure.

TABLE VI. — *Rural Societies: Aggregate Balance Sheet.*

Assets		Liabilities.	
	Rs.		Rs.
Cash in Hand . . . . .	8,56,903	Loans from Non-members. . . . .	18,96,679
Value of Investment . . . . .	2,51,378	Loans from Other Societies. . . . .	98,75,007
Loans due by Members . . . . .	1,60,28,588	Interest Due . . . . .	2,49,651
Loans due by Other Societies. . . . .	7,94,465	Loans from Government . . . . .	7,64,727
Interest on Loans Due . . . . .	6,81,759	Interest Due to Government. . . . .	12,768
Value of Stock in Hand . . . . .	60,518	Share Capital . . . . .	22,60,532
Other Items . . . . .	99,568	Deposits by Members . . . . .	21,74,603
Total Assets . . . . .	1,87,73,219	Interest Due on Members' Deposits . . . . .	67,039
Total Liabilities . . . . .	1,79,75,480	Dividend Due to Members . . . . .	2,861
Balance: Profit . . . . .	7,97,739	Establishment and Contingent Charges . . . . .	13,648
		Other Items . . . . .	19,649
		Reserve Fund . . . . .	6,38,318
		Total Liabilities . . . . .	1,79,75,480



## § 2. SOURCES OF CAPITAL.

The aggregate working capital at the disposal of the Rural societies in India is shown above in Table III. We shall now examine the sources from which this capital was drawn.

(a) *General Figures.*

In the year under review a redistribution of territory took place, affecting the Provinces of Bengal and Eastern Bengal and Assam, and resulting in the formation of a new Province under the name of Behar and Orissa. A comparison by Provinces of that year's figures with the figures for previous year, might, therefore, prove misleading in some cases, and in the table below only the aggregate figures for British India are presented.

TABLE VII. — *Rural Societies: Sources of Capital.*

Sources of Capital.	1910-11.	1911-12.
	Rs.	Rs.
Loans from Non-members . . . . .	15,05,688	18,96,679
Loans from Other Societies . . . . .	55,09,472	98,75,007
Loans from Government . . . . .	6,00,851	7,64,727
Share Capital . . . . .	14,57,595	22,60,532
Deposits by Members . . . . .	15,65,403	21,74,603
Reserve Fund . . . . .	3,42,464	6,38,318

The percentage of the total working capital from each source, in 1911-12 and the three preceding years, is shown in the following table.

TABLE VIII. — *Rural Societies: Sources of Capital (Percentages).*

Sources of Capital.	Percentages of Total Capital.			
	1909	1910	1911	1912
Loans from Non-members . . . . .	18.0	16.5	13.7	10.8
Loans from Other Societies . . . . .	35.8	42.4	50.2	56.0
Loans from Government . . . . .	13.7	9.1	5.5	4.4
Share Capital . . . . .	14.1	14.1	13.3	12.8
Deposits by Members . . . . .	15.4	14.9	14.2	12.4
Reserve Fund . . . . .	2.6	3.0	3.1	3.6

(b) *Loans from Government.*

In 1912, Government loans represented less than 5 per cent. of the total working capital of the Rural societies. The relative importance of such loans has diminished rapidly, and all connected with the co-operative movement in India regard this as a matter for congratulation.

It is admitted, however, that a certain amount of State aid may be welcome or even necessary in districts where co-operative credit is still in the experimental stage. The granting of Government loans in such cases increases confidence, and, as no interest has to be paid on them for the first few years, the societies are enabled to build up a reserve fund and to strengthen their position generally. It is held, too, that any society which fails to do so, and which is unable to meet promptly each instalment of the Government loan as it falls due, should either be re-organized or dissolved. In any case, repayment of the loans is insisted upon, the Registrars being fully alive to the danger of perpetuating weak societies by granting them exemptions.

The loans to co-operative societies consist in part of agricultural loans (*taccavi*) granted to districts for a variety of objects (including the relief of distress and the purchase of seed and cattle), and in part of loans made against equivalent deposits by members. The Registrar for the Punjab is of opinion that the granting of *taccavi* loans to societies obscures the objects of co-operation, and it is not difficult to realize that his criticism may be well founded. The whole aim of the co-operative movement in India is to enable the cultivator to rise, through his own efforts, to a position of economic independence, and thus free himself of the necessity of having to accept any assistance from Government; and while Government loans continue to be administered by the societies themselves, it may well be that this aim is to some extent obscured. There is besides a natural tendency to regard an advance of capital from Government as of the nature of a gift or dole, rather than as a business loan.

The general opinion of the Registrars may be illustrated by an extract from the report of the Registrar for Assam, who says:

"I propose for the future to do without Government loans as far as possible. Members are inclined to regard such loans as doles made by Government, in the recovery of which Government alone is interested, rather than as a matter of business to be personally supervised. The condition of an equivalent deposit by members of the society has proved a temptation to fraud. And as capital can invariably be obtained from a Central or Urban Bank at 9 per cent., Government loans are no longer essentially necessary."

These loans, as we have already said, serve a useful purpose in carrying new societies through the first few years of their existence and enabling them to accumulate a reserve fund; but the Registrars now prefer, wherever possible, that even new societies should dispense with any assistance and build up a reserve fund by charging a slightly higher rate of interest to members for the first few years.

(c) *Loans from Other Societies and from Non-members.*

In 1911-12, Rural societies obtained more than half their working capital from other societies, and the proportion drawn from this source is constantly increasing.

In the same year they obtained just over 10 per cent. of their capital in the form of deposits by non-members, and as a source of capital these deposits are relatively decreasing.

The increase in the first case and the decrease in the second are normal tendencies. The "other societies" from which the Rural societies drew supplies of capital have been formed for the express purpose of furnishing such capital and are designed to act as the intermediary institutions between the local societies and the joint stock banks. On the other hand the Rural societies, not being general banking institutions, naturally do not prove very attractive to outside depositors.

Other societies (Central Banks and Banking Unions) lend to Rural societies at about 9 per cent. The rate is in some cases considerably higher and in other cases appreciably lower, as credit conditions vary greatly in different districts, but 9 per cent. may be considered as the normal rate.

The work of Central Banks and Unions in financing local societies will be dealt with in a subsequent article. Here we shall proceed to examine briefly the other items which make up the total working capital of the Rural societies.

(d) *Share Capital, Deposits by Members and Reserve Fund.*

These three items together form that part of the working capital which is contributed by the members themselves, and which in some of the Reports is distinguished as "internal" capital. In 1909-10, they formed exactly 32 per cent. of the total capital; in 1910-11, 30.6 per cent; and in 1911-12, the year under review, 28.8 per cent. Both share capital and deposits by members show a relative decrease, while the reserve fund shows a much smaller relative increase.

The Registrars as a rule have no comment to make on the figures relating to share capital, but they occasionally show some uneasiness as to the slow growth of members' deposits. The reason generally put forward is that the members are overburdened with debt and cannot be expected to make deposits. The Registrar for Bengal thinks it possible that the publicity which is insisted upon, and which is one of the elements making for success in co-operation, may have the effect of discouraging people from placing their savings with the societies.

In any case the capital owned by the members is not a true index of the thrift of members, for, as is pointed out by the Registrar for the United Provinces, much of their savings is devoted to the liquidation of old debt or to the purchase of agricultural stock. And, since the responsibility of

members is almost invariably unlimited, it is evident that savings so spent or invested contribute directly to strengthening the position of the societies.

It is hardly possible to draw a distinction between share capital and members' deposits since the members' shares are in effect compulsory deposits. Both items together represented, in 1911-12, 25.2 per cent. of the total working capital, and such a proportion seems satisfactory though the Registrar for Bengal is of the opinion that members' deposits should be the main source of supply.

The reserve funds are in nearly every case invested in the ordinary business of the society. The Registrar for Bombay thinks the practice open to objection on the grounds that the chief benefit of a reserve fund is lost if it is not really liquidable and available in time of emergency, and the society which invests all its funds in the same way diminishes its own security. He has recently issued a circular advising societies to invest their reserve funds in some outside bank, and should the circular fail in its object, he intends to apply for power to make such investment of reserve funds compulsory. In the Central Provinces, reserve funds are already, in every case, lodged with the Central Banks.

### § 3. THE LOANS GRANTED.

In 1911-12, no new departure of any importance is to be noted in the distribution of the loans made by Rural societies to their members. As in previous years, loans were made chiefly for the repayment of old debt, the purchase of cattle, and the payment of land revenue. The purposes for which loans are required vary according to the peculiar needs of each district, but loans for one or other of the purposes mentioned generally predominate. A very small proportion of the total loans is granted for "unproductive" purposes. The small amount so lent is usually granted for the celebration of marriage feasts, and, in connection with such expenditure, an extract from the report of the Registrar for Bengal is significant. The Registrar reports as follows :

"That the village societies discourage unnecessary expenses for ceremonial purposes is a proved fact. A member of a society is not encouraged by his co-villagers to give extravagant feasts on the occasion of marriages. Formerly he had to borrow money for ceremonial purposes in order to stand well with his co-villagers. The latter now find they are also responsible for his debts, and if he is unable to repay the loan they will have to make good the loss. Instead of being encouraged to spend money he is restrained by the influence of village opinion to curtail his expenses according to his means".

Loans for the payment of debt amount in some cases to 48 per cent. of the total loans granted. Much of the money so lent is used to redeem land from mortgage, and statistics are at present being compiled in some Provinces as to the amount of land thus redeemed. The re-

turns, however, are not yet available. Old debts had almost invariably been contracted at extortionate rates of interest — 60 per cent. is referred to in one report as a not unreasonable rate — and the saving to members by transferring their indebtedness to the societies is in the aggregate enormous, as they pay to the societies only from 12 to 15 per cent.

Loans for the purchase of cattle are especially useful as they enable the members to pay cash. Without the help of the society they would be compelled to buy on credit and would be charged exorbitant rates of interest.

The following figures show the distribution of the loans made by the Rural societies in Assam during the year 1911-12 and may be taken as fairly representative of the work of the Rural societies as a whole.

Purpose	Amount Rs.	Percentage
Repayment of old debts . . . . .	31,606	26
Purchase of cattle . . . . .	28,577	23
Agriculture . . . . .	25,816	21
Trade and commerce . . . . .	10,496	9
Payment of rent and revenue . . . . .	10,133	8
Marriage and other social expenses . . . . .	3,327	3
Maintenance . . . . .	2,270	2
Other purposes . . . . .	5,503	8
Total . . . . .	117,728	100

The bulk of the loans are granted in the first instance for periods not exceeding one year, but as a rule extensions are allowed on condition that the borrower repays from one-fifth to one-third of the principal every year, together with the interest due. Failing this, the loan is treated as overdue. It is evident from the Reports that the Registrars are not entirely satisfied with the repayments and are anxious to secure greater punctuality in this respect. It is impossible to give figures for the whole of India as the practice of the societies with respect to the classification of loans as overdue is not uniform. In the United Provinces, 9 per cent. of the loans outstanding are classed as "in arrears"; in Madras 11.8 per cent. are so classified; while in the Punjab "overdue loans" amount to 15 per cent. of the whole amount out on loan.

With reference to overdue loans the Registrar for the Punjab says:

"The amount, I admit, is large, but I think in agricultural societies there is bound to be a large sum outstanding. The amount which a farmer can repay depends on his harvest and on whether he has suffered loss of cattle or some other calamity. Out of 80,000 members of societies scattered over many hundreds of miles, there must be many, who for one good cause or another are unable either to repay their loans or to repay them in full. While, therefore, I should be glad to see the figure of overdue loans reduced, I am not prepared to say that the amount is excessive".

As a rule the arrears are concentrated in a few districts, and in some cases they are practically confined to a single district where the harvest has been a failure. Thus, in the United Provinces (where, as has been mentioned, arrears amounted to 9 per cent.) more than half the amount was due from one district. In eight districts of the Province there were no arrears, and in eight others the arrears were less than two per cent. of the outstanding loans.

It must be remembered that the loans returned as overdue are not regarded as bad debts and are in fact, in nearly every case, recoverable. The losses due to bad debts are very small indeed.

Loans are granted on simple mortgage of land and on the personal security of fellow members. In Madras, for example, 43 per cent. of the total amount was secured by mortgage and 55 per cent. was lent on personal security. A certain small proportion of the loans are unsecured; they are simply loans "on honour". The normal rate of interest is 12 1/2 per cent.

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In this chapter we have dealt only with Rural credit societies and have confined ourselves to outlining their progress and giving some account of their business transactions. In a subsequent chapter we shall examine the work of the District and Central Banks and Banking Unions.

*(To be continued).*

## ITALY.

### MISCELLANEOUS NEWS.

I. — RURAL BANKS AND AGRICULTURAL CO-OPERATIVE CREDIT SOCIETIES OF COLLECTIVE TITLE IN ITALY AT THE END OF 1913. — The *Federazione nazionale delle Casse rurali* (National Federation of Rural Banks) in Rome has recently published a list of the Rural Banks in the kingdom on December 31st., 1913. Their number at that date was 2, 122, distributed according to regions as follows :

North Italy		Central Italy	
Venetia . . . . .	452	Latium . . . . .	102
Emilia . . . . .	306	Tuscany . . . . .	71
Lombardy . . . . .	246	Marches . . . . .	67
Piedmont . . . . .	171	Umbria . . . . .	20
Liguria . . . . .	12	-----	
Total . . .	1,187	Total . . .	260
South Italy		Insular Italy	
Abruzzi and Molise . . .	83	Sicily . . . . .	333
Campania . . . . .	55	Sardinia . . . . .	128
Calabria . . . . .	44	-----	
Apulia . . . . .	25	Total . . .	461
Basilicata . . . . .	7		
Total . . .	214		

The provinces which have the largest number of Banks are Verona (107), Rome (102), Bologna (88), Palermo (81), Cagliari (94), Girgenti (74) etc. At the end of 1910, when the first list of rural banks was made out by the above Federation, the number was 1,763.

(Summarised from "*Cooperazione Rurale*", organ of the *Federazione nazionale delle Casse rurali*, Rome, no. 1, January 31st., 1914).

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2. — SOME STATISTICS OF THE CATHOLIC CO-OPERATIVE FEDERATIONS. — The importance of the Catholic movement in the field of co-operation, especially of co-operative credit, is well known and we have more than once had occasion to refer to it, especially when dealing with the Report published by the Labour Office (*Ufficio di Lavoro*) in 1911, on the Inquiry into the Catholic Workmen's Organizations in Italy (1). We saw then that an essential part of the programme of the Catholics in regard to co-operative societies was their union in diocesan or provincial federations, adhering, through the medium of special organizations to the *Unione Economico-Sociale fra i cattolici italiani* (Economic and Social Union of Italian Catholics), which has its head quarters at Bergamo, the great centre for the co-ordination and direction of Italian Catholic institutions. In agreement with the principles of this union, in recent years numerous federations have been, in fact, formed, with regard to some of which we have the following information:

(a) *Federazione delle casse rurali e popolari della Provincia di Bergamo* (Federation of the Rural and People's Banks of the Province of Bergamo). — The rural and people's banks existing in this province first of all took the form of unlimited societies of collective title, regulated by the commercial code, except that two adopted the form of societies in civil law.

The rural banks and people's banks differ in this: that the members of the rural banks are free in regard to their savings deposits, while those of the people's banks are bound to deposit a minimum amount per week, fixed in their rules or regulations.

The former are constituted in agricultural centres, the latter in places where industry is more important and commerce more active.

The federal executive body has two inspectors, whose duty it is at least once a year to inspect all the federated institutes, and, if need be, to assist them in the compilation of their monthly statements of accounts and annual balance sheets. In order to train good accountants and managing directors, the Federation also often organizes special courses of legal and technical education.

The rural banks, 63 in number, showed the following total figures on March 31st., 1913.

Members . . . . .		8,504
Capital . . . . .	Fr.s.	190,780.32
Deposits . . . . .	»	5,330,603.90
Loans . . . . .	»	4,256,404.25

(1) See *Bulletin of Economic and Social Intelligence*, August and September, 1912, pp. 27 and 45 respectively.



And the people's banks, also 63 in number, showed at the same date the following :

Members . . . . .		1,274
Capital . . . . .	Frs.	29,714.40
Deposits . . . . .	»	1,205,455.63
Loans . . . . .	»	527,755

In the province of Bergamo other forms of co-operative societies have arisen, also on the initiative of the Catholics. In fact, there are 10 dairy societies and 30 collective farms. Twenty three of the latter had 1,026 members and leased 4,026 ha., for which the total yearly rent was 553,071 frs.

The legal form these organizations prefer is that of civil societies and the land is worked on the system of divided management recognised as the best suited for the moral, technical and economic progress of the peasants.

Almost all have the assistance of a priest, a managing director and a technical director. The land leased belongs to charitable institutions or to private owners.

There are also in the same province 52 horned cattle insurance societies, organized on mutual lines and limited to a commune or a parish, with altogether 5,226 members and 10,435 head of cattle insured. In districts where there is a rural bank, members of the mutual horned cattle insurance society can obtain loans from it, on the security of the livestock insured.

(b) *Federazione delle cooperative cattoliche della provincia di Ferrara* (Federation of the Catholic Co-operative Societies of the Province of Ferrara). — This federation, formed in 1906, unites 32 rural banks which, at the end of 1912, showed the following figures: members 3,707; capital (members' contributions and reserve funds) 58,063 frs.; deposits 791,634 frs. debit current accounts (for 22 societies) 305,367 frs.; bills and acceptances 968,951 frs.; credit current accounts (for 10 societies), 154,073 frs.

Other members of the Federation are: the *Unione agricola cattolica di Argenta* (Argenta Catholic Agricultural Union), a limited liability society for collective farming with 49 members, 40,000 frs. worth of livestock and 60,000 frs. worth of land; the *Unione professionale fra muratori e affini per costruzioni edilizie di Argenta* (Argenta Professional Union of Masons and Bricklayers for House Building), a limited liability co-operative society with 46 members; and two legally recognised labour co-operative societies of Ruina and Mezzogoro, with 80 and 45 members respectively.

(c) *Federazione delle associazioni cattoliche economico-sociali della Provincia di Parma* (Federation of the Economic and Social Catholic Associations of the Province of Parma). — At the end of 1912, there were 65 societies in this federation, amongst them 41 rural banks, 14 labour co-operative societies and 10 agricultural co-operative distributive societies. All these societies have taken the legal form of co-operative societies: the rural banks

as societies of collective title, the agricultural and labour co-operative societies as limited liability societies.

The 41 rural banks had, on December 31st., 1912, 3,452 members, and had done a total general business (outgoings and incomings) of 2,753,849 frs. The sums deposited with them amounted altogether to 2,109,503 frs., the debit current accounts to 459,224 frs., and the loans to 2,468,000 frs., of which 2,118,000 frs., were represented by loans on the security of bills and 350,000 frs., were loans to private persons or economic associations, in current account. The net profits for 1912 were 24,055 frs. The 41 federated banks had altogether a capital of 134,808 frs. consisting of members' contributions to the amount of 68,313 frs. and reserve funds to that of 66,495 frs.

The second group of societies belonging to the Parma Federation was composed of labour co-operative societies, 14 in number, with 645 members. In the course of 1912 they provided work for 500 labourers, paying them wages to the amount of 162,125 frs.

The *Consorzio delle cooperative di lavoro dell'Appennino parmense* (Consortium of Labour Co-operative Societies of the Parma Apennines) is of special importance. It has its head quarters at Langhirano, and nine societies are federated in it. It is carrying out works for an amount of 1,377,000 frs.

The members of these co-operative societies are exclusively labourers. Naturally, therefore, they have need of the continual vigilant assistance of the Federation, which makes application to the public administrations for labour contracts, taking all the steps required and obtaining an advance of the necessary funds.

The *agricultural distributive co-operative societies* federated, on December 31st., 1912, were 10 in number, with 450 members and did a total business of 268,990 frs.

In 1911 the Federation of the Parma Province inspected many of its adhering societies.

(d) *Federazione delle Casse rurali e popolari della Provincia di Bologna* (Federation of Rural and People's Banks of the Province of Bologna). — On December 31st., 1912, this Federation included 81 societies, with 7,123 members. The situation of the Federation was as follows: capital 108,203 frs.; deposits 2,983,224 frs.; other liabilities 176,318 frs.; loans 1,859,699 frs.; various securities, 449,547 frs.; deposits in credit current account, 763,988 frs.; other assets, 216,229 frs.; revenue, 143,351 frs.; expenditure 121,634 frs.

(e) *Federazione pistoiese delle casse rurali* (Pistoia Federation of Rural Banks). — On December 21st., 1912, there were in this Federation 38 rural banks with 2,825 members. The savings deposits at that date amounted altogether to 1,250,103 frs. and the loans to members in the year to 350,000 frs. The share capital and reserve funds amounted to 24,175 frs.

(f) *Federazioni diocesane delle casse rurali di Treviso, Mantova, Ascoli Piceno e Rieti* (Diocesan Federations of the Rural Banks of Treviso, Mantua, Ascoli Piceno and Rieti). — The Treviso Federation was founded in

June, 1912 and, on December 31st., it already federated 20 rural banks, and had bills and acceptances to the amount of 1,699,456 frs. and deposits to the amount of 1,540,469 frs. There were 3,490 members.

In the same year there were also formed the Federations of Mantua, Ascoli Piceno and Rieti.

Finally, last January, on the initiative of the *Piccoli Crediti* (Small Credit Establishments) of Bergamo, Monza, Romagna and Tuscany, the *Cassa centrale per le casse rurali cattoliche d'Italia* (Central Bank for the Catholic Rural Banks of Italy) at Parma, the Catholic Banks of Verona, Rovigo, Udine, Vicenza etc., there was founded at Milan the *Federazione Bancaria fra le Banche cooperative Italiane* (Banking Federation of the Italian Co-operative Banks). It contemplates the assistance and co-ordination of the various federated institutes, by means of periodical inspections, the adoption of measures for the common interest, the collection and publication of statistics relating to the Banks and the movement of credit and the foundation of a *Banca Centrale* (Central Bank) in the form of a society limited by shares to act as its central financial agency (1).

(Summarised from "*Cooperazione Popolare*", organ of the Catholic Rural Banks and Co-operative and Mutual Societies, Parma, nos. 9-12 of 1913 and no. 2, January 25th., 1914.)

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3.— **FEDERAZIONE DELLE COOPERATIVE E MUTUE AGRARIE DELLA SARDEGNA** (*Federation of Sardinian Agricultural Co-operative and Mutual Societies*).— On December 23rd. last, the "*Federazione delle Cooperative e Mutue agrarie della Sardegna*" was founded at Oristano, with the object of:

(a) Uniting in a single representative body the agricultural co-operative and mutual societies of the island, favouring their development and protecting their interests;

(b) promoting and maintaining reciprocity in business matters among the agricultural societies for production, labour, distribution, credit and insurance;

(c) making demand for legislative provisions better adapted to the requirements of the mutual and co-operative societies of the region;

(d) providing for the inspection of the business and accounts of the federated institutions.

(Summarised from a Communication of the Federation, dated December 30th., 1913).

(1) Recently, on the initiative of a group of People's Banks of Upper Italy, another *Federazione e Banca Federale delle Cooperative di Credito* (Federation and Federal Bank of Co-operative Credit Societies) was founded at Milan. Cf. *Monthly Bulletin of Economic and Social Intelligence*. February, 1914, p. 29.

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4. — WORK OF THE "FEDERAZIONE ITALIANA DEI CONSORZI AGRARI" (*Italian Federation of Agricultural Consortiums*) in 1913. — In 1913 the "Federazione Italiana dei Consorzi Agrari" of Piacenza sold agricultural produce to the amount of 18,294,873 frs. and agricultural machinery for an amount of 3,149,306 frs., so that the total sales came to about 21,500,000 frs. The share capital amounted to 261,855 frs. The associations federated in it are 713 in number.

(Summarised from "*Italia Rurale*", organ of the "Federazione italiana dei Consorzi Agrari". Piacenza, no. 520. March 16th., 1914).

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5. — THE DEVELOPMENT OF THE "FEDERAZIONE DELLE COOPERATIVE DI CREDITO" OF GIRGENTI (*Federation of the Credit Co-operative Societies of Girgenti*). — Among the federations of co-operative societies, the Girgenti Federation deserves to be noted for its continual progress. On December 31st., 1913 it included 52 societies with 10,563 members and had a total capital of 3,212,773 frs. The work of the Federation has gradually increased in proportion to the increase of the federated bodies, which may be seen in the following table:

*Progress made by the Girgenti Federation of Co-operative Societies, between 1907 and 1913.*

On December 31st.	1907	1908	1909	1910	1911	1912	1913
Number of Federated Societies . . . . .	8	18	19	26	32	46	52
Number of Members . .	275	1,249	1,893	3,421	5,174	8,703	10,653
Capital of the Federated Societies (in francs) . .	—	268,597	707,668	882,392	1,496,920	2,946,661	3,212,773

Of the federated societies 5 have the form of limited liability societies, 4 that of societies *en commandite*, and 43 are unlimited liability societies. Further, 43 work as intermediary institutes for the bank of Sicily for the grant of agricultural credit. Of the 52 affiliated institutes, 47 are working, with an average of 220 members each and an average amount of bills and acceptances rediscounted on December 31st., of 63,000 frs., representing according to the estimate of the Federation, an annual business of about 96,500 frs.

In order better to attain its ends, the Federation is divided into three offices: the first for co-operative propoganda, legal assistance and advice;

the second for inspection of legal business and book keeping, the third for technical agricultural consultation and propaganda (1).

Attached to the Federation and in immediate relation with it, since 1910 there has been an "Azienda per l'acquisto e vendita dei concimi" (*Office for Purchase and Sale of Manure*), which did a total business in 1910 of 205,857 frs., in 1911 of 646,120 frs. and in 1912 of 1,577,785 frs.

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6. — ENQUIRY INTO THE STATISTICS OF THE CO-OPERATIVE MOVEMENT IN ITALY. — In order that the importance of the Italian co-operative movement in its various manifestations may be better known and appreciated, the "Lega Nazionale delle Co-operative" (*National League of Co-operative Societies*), to which the Agricultural Department has lent its support for the purpose, has invited its affiliated societies to a national competition in statistical studies on co-operation in Italy.

They may investigate the movement in a region, a province, or a commune; or even a special organization (federation, consortium etc.). The competitors, whether they undertake to study a whole region or limit themselves to a province or commune, must extend their investigations to every form of co-operative society: societies for production and for labour, agricultural societies, distributive societies, etc.

In each case there must be given (a) the name of the society, (b) the date of its foundation, (c) indication whether the society has a legal existence or merely exists *de jacto*, (d) the number of members, (e) the amount of share capital subscribed and paid up, (f) the amount of the reserve fund, (g) the amount of profits and losses. (2).

(Summarised from "Cooperazione italiana", organ of the League, Milan, no. 1,075, February 20th., 1914).

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7. — PRIZE COMPETITIONS AMONG THE NATIONAL AGRICULTURAL CO-OPERATIVE PURCHASE SOCIETIES AND THE SOCIETIES OF MANUFACTURERS OF CITRUS PRODUCE AND TRADERS IN THE SAME. — By Ministerial Decree of February 10th., 1914, in view of the desirability of encouraging the de-

(1) (Summarised from "Il movimento cooperativo in Sicilia. Contributo storico statistico documentale." (Co-operative Movement in Sicily. Historical, Statistical and Documentary Contribution). Published by the "Federazione Siciliana delle Cooperative", Girgenti, V. Sirchia, 1914).

(2) The League has recently founded at its head quarters in Milan an "Ufficio Agrario delle co-operative" (*Agricultural Office of Co-operative Societies*), for the technical and commercial assistance of the agricultural co-operative societies.

velopment of the co-operative agricultural societies for collective purchase of farm requisites, a competition has been opened for the societies in question legally constituted in the provinces of Perugia, Rome, Aquila, Teramo, Chieti, Caserta, Naples, Salerno, Avellino, Benevento, Campobasso, Foggia, Bari and Lecce. Prizes in money and medals to the amount of 17,000,000 francs are offered.

A second competition, for which prizes for a total amount of 50,000,000 frs. are offered, was already opened by Royal Decree of August 18th., 1913 for associations and private individuals engaged in manufacturing the produce of the plants of the citrus group und trading in it.

(Summarised from the "*Bulletino del Ministero di Agricoltura, Industria e Commercio*", series A, Rome, no. 1. January 3rd., 1914 and., no. 10, March 7th., 1914).

PUBLICATIONS OF RECENT DATE RELATING  
TO AGRICULTURAL CO-OPERATION AND ASSOCIATION.

GENERAL.

UNOFFICIAL PUBLICATION:

DIE KONSUMGENOSSENSCHAFT IM DIENSTE DER KULTUR (*The Co-operative Distributive Society in the Service of Civilisation*). In "Konsumverein", February 4th., 1914, Vienna.

GERMANY

UNOFFICIAL PUBLICATIONS:

AUFNAHME DER GENOSSENSCHAFTEN MIT BESCHRÄNKTER HAFTPFLICHT IN DIE BAYERISCHE ZENTRALDARLEHNSKASSE (*Admission of Limited Liability Co-operative Societies in the Central Bavarian Loan Bank*). — In "Verbandskundgabe". February 15th. and 28th., 1914. Nos. 3 and 4. Munich.

Discussion of the reasons for and against the admission of limited liability co-operative societies as members of the Central Bavarian Loan Bank.

DAS RÜCKSTANDWESEN, SEINE URSACHEN, SEINE SCHÄDEN UND SEINE BEKÄMPFUNG. (*Arrears, their Causes, their Ill Effects and the Way to Meet them.*) — In "Verbandskundgabe," January 31st., February 15th. and 28th., 1914. Nos. 2, 3 and 4. Munich.

KREBS (Dr): Güterzertrümmerung in Bayern und die Beteiligung der landwirtschaftlichen Genossenschaften an derselben im Jahre 1912. (*The Subdivision of Land in Bavaria and the Part taken in it by Agricultural Co-operative Societies in 1912*) In "Landwirtschaftliches Genossenschaftsblatt", February 15th. and 28th., 1914. Nos. 3 and 4. Neuwied.

PROBLEME DER GENOSSENSCHAFTLICHEN KREDIT-ORGANISATION: GENOSSENSCHAFTLICHE ZENTRALKASSEN. (*Problems of Co-operative Credit Organization: Central Co-operative Banks*) In "Deutsche landwirtschaftliche Genossenschaftspress". February 28th., 1914. No. 4. Darmstadt.

SCHRÖDER: Spar- und Darlehnskasse zu Bergen bei Celle (Hannover) (*The Rural Bank of Bergen bei Celle in Hanover*). In "Deutsche landwirtschaftliche Genossenschaftspress", March 15th., 1914. No. 15. Darmstadt.

ÜBERSICHT ÜBER DIE BETRIEBSGENOSSENSCHAFTEN DER RAIFFEISEN-ORGANISATION IM JAHRE 1913 (*General View of the Co-operative Societies for Production of the Raiffeisen Organisation in 1913*). In "Landwirtschaftliches Genossenschaftsblatt". March 15th., 1914. No. 5. Neuwied.

ARGENTINA.

UNOFFICIAL PUBLICATION:

BERGÉS (P): Las sociedades de controlador. Su importancia para el fomento y desarrollo de las industrias lechera y ganadera en la República Argentina (*Cow Testing Societies. Their Importance for Agriculture and for the Development of Dairy Industries and Livestock Improvement in the Argentine Republic*). — In "Anales de la Sociedad rural Argentina" November-December, 1913. Buenos Aires.

## AUSTRIA.

## UNOFFICIAL PUBLICATIONS :

- DIE KRANKENVERSICHERUNGSPFLICHT DER ZAHLMEISTER BEI DEN RAIFFEISENKASSEN. (*Compulsory Sickness Insurance for the Cashiers of Raiffeisen Banks*). — In "Oesterreichische landwirtschaftliche Genossenschaftspress". February 19th., 1914. No. 255. Vienna.
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## Part II: Insurance and Thrift

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### ARGENTINA.

#### AN INQUIRY INTO THE MUTUAL SYSTEM AND THE NEW BILL ON MUTUAL AID SOCIETIES.

##### OFFICIAL SOURCES :

LAS ASOCIACIONES DE MUTUALIDAD EN BUENOS AIRES. (*Mutual Aid Societies in Buenos Aires*). — *Boletín del Departamento Nacional del Trabajo*. — No. 24, August, 1913.

MENSAJE Y PROYECTO DE LEY ORGÁNICA SOBRE LAS SOCIEDADES DE SOCCORROS MUTUOS (*Report and Bill for an Organic Law on the Mutual Aid Societies*). Do. No. 24, December, 1913.

Mutual institutions have not yet made great progress in Argentina, any more than has association generally (1): the movement has been transplanted to the soil of the Republic by the immigrant groups mindful of the benefits they have reaped in their own lands from these thrift societies. The want of guiding principles and encouragements and the difficulties presented by the environment has prevented the movement becoming important. With several failures some great successes have been realised, and important organizations are not wanting which insure thousands of members assistance in case of sickness or temporary disablement.

In recent years mutual societies have made considerable progress. There are no statistics available with regard to them, except in the case of the city of Buenos Aires: from a recent enquiry conducted by the National Labour Office it would appear that while in 1906 there were only 30 mutual aid societies in the capital with 25,258 members, in 1911 there were 108 with 247,272 members. The following table shows the progress made in the five years 1906-1911, and the importance of the mutual societies in the Argentine capital :

(1) See *Bulletin of Economic and Social Intelligence*, December, 1913. "The Co-operative Movement in Argentine Agriculture".

Mutual Aid Societies	1906	1909	1911
Number Registered. . . . .	30	79	108
Number of Members, . . . . .	25,258	180,061	247,272
Societies with Civil Personality . . . . .	22	43	64
Total Capital . . . . .	1,024,777	4,061,331	11,208,010
Assistance Given. . . . .	339,636	564,772	1,936,105

As regards the nationality of the members, Italian societies are the most numerous (37); then come the cosmopolitan societies (28), then the Argentine (18), the Spanish (9) etc.

The 247,272 members reported in 1911 are distributed very irregularly among the 108 societies: while one alone has 41,000 members, 5 have 10,000 each, and 72 have not even 100 each.

The societies are, in large part, composed of workmen; some of civil servants or tradesmen; while in others the members are of different classes. They chiefly aim at supplying mutual assistance in its simplest form; payment of medical expenses and the cost of medicines in case of sickness and of funeral expenses in case of death. Sometimes a daily allowance is also granted to the sick.

However, examples are not wanting of mutual associations which do not restrict themselves to providing for the urgent requirements of members and have other objects of indirect utility, such as the increase of savings, credit or the extension of education by means of schools and libraries.

The economic machinery of the mutual societies is very simple. The amount of the contribution varies according to circumstances, and is assessed according to two methods: either it is fixed or is a percentage on the wages or salaries of the members. In the first case, which is by far the most common, the contributions vary from 0.50 pesos to 10 pesos a month: but generally from 1 peso to 1  $\frac{1}{2}$ ; in the second, they are fixed at 1% of the wages.

By means of the contributions of members and special amounts received, the 108 societies have been able to accumulate a capital of more than 11,000,000 pesos. The one that has the largest amount of capital (1,200,000 pesos) is a workmen's society (7,800 members): in 1911 it distributed quite 40,000 pesos in aid. The total amount so distributed that year by the 108 societies seems to have been far in excess of the 1,936,105 pesos, shown in the table above given, for the results of the inquiry are on this point incomplete.

The principal conclusions the Labour Office has drawn from its investigations may be summarised in the following proposals:

1st., That the State, should supervise the investment of the funds of the mutual societies that have not civil personality; 2nd., that a federation should be formed among the mutual aid societies; 3rd., that the Office itself should draw up model rules with the object of extending the scope of the societies; 4th., that an organic law on mutual aid associations should be drafted.

In fact the efforts of the group in the domain of thrift must be co-ordinated and concentrated, their action encouraged and extended. It is on these principles the bill on mutual aid societies recently laid before congress is based.

It is proposed in the first place to give a legal basis to the mutual institutions, and clearly to define their character, so that they may be easily distinguished from capitalistic societies. They will be granted civil personality by the executive authorities.

In addition to the usual objects of mutual assistance in case of sickness or death (funeral expenses, subsidies to widows etc.), the draft law makes provision for old age and disablement pensions, life insurance, and, finally, the institution of professional services for the benefit of members, such as labour bureaux, professional schools, clubs, and libraries.

To attain these objects of a higher rank, local unions and, a national federation will be required. Therefore, considering that private initiative cannot succeed in organizing a complete system of thrift and assistance, it has been thought advisable to ask the State for financial aid to encourage and complete private action. Thus, with the free associations, there would be subsidised societies: the mutual aid societies that possess certain qualifications guaranteeing their administrative action may receive subsidies to the amount permitted by the situation of the public funds.

The assistance to be given by the State is fixed in proportion to the estimated risks each society has undertaken: in the case of sickness insurance the subsidy is one peso per year per member, and 50 centavos more if the society gives aid in sicknesses of long duration, or has a family assistance fund. In the case of old age pensions or life insurance, the State must pay the third part of the special contribution of each member, provided always this contribution does not exceed 12 pesos a year and the fourth part if the contribution exceeds that amount. In no case shall the State contribution exceed 6 pesos per ann. per member. Every year the funds for these subventions shall be shown on the National Estimates of Expenditure.

The bill finally proposes the foundation of an inspection service, dependent on the Department of Justice as well as a Superior Board of Mutual Aid Societies.

It is trusted that this reform will give a great impulse to the mutual societies, not only in urban, but also in rural centres. The mutual aid societies will prepare the way for the more complex forms of association, such as co-operative societies that are now considered also in Argentina as one of the most effectual means for the improvement of the agricultural classes.

## DENMARK.

### LATEST RESULTS OF THE LAW ON AGRICULTURAL ACCIDENT INSURANCE.

#### OFFICIAL SOURCES:

BERETNING FRA ARBEJDERFORSIKRINGSRAADETS LANDBRUGSAFDELNING FOR AARET 1912  
(*Report of the Agricultural Division of the Labourers' Insurance Council for 1912*).  
Copenhagen, 1913.

#### § I. — COMPULSORY AND VOLUNTARY INSURANCE.

We have already dealt in this Bulletin (June, 1911) with the organisation of agricultural accident insurance in Denmark and given (October, 1912) some statistical information as to the results obtained in the years 1910 and 1911.

The Agricultural Division of the Labourers' Insurance Council at Copenhagen has just published a voluminous report of more than 300 pages on the results for 1912. We shall briefly summarise it.

Let us first of all remember that the law of May 27th., 1908 allows of two forms of agricultural accident insurance, compulsory and voluntary.

Insurance is compulsory, on the one hand, for labourers engaged in agriculture, forestry work and horticulture, provided that the holdings on which they work have a value as shown in the cadastre (1) of more than 6,000 crs. (2), exclusive of the live or dead stock and, on the other hand, for all labourers employed in stud farms, in working dairies, peat moss bogs or reed banks and in working threshing machines, as well as all those engaged in any business auxiliary to the above classes of work. By the Ministerial Decree of January 1st., 1910 and January 23 d., 1912, the law has been made applicable to labourers occupied in marlpits, in the control of dairies, livestock improvement etc.

It is the employer who must insure his workmen (art. 21 of the law).

Insurance is voluntary (art. 25 of the law) for rural landowners and farm managers, provided the value of the holdings as shown in the cadastre is

(1) See the article: "The Establishment of the Cadastre in Denmark", published in the number of this Bulletin for June 1912.

(2) The Danish crown is worth 1 fr. 39.

not more than 6,000 crs. There is another difference in the rules for voluntary and compulsory insurance in that the master as well his wife may be insured voluntarily against accidents while working on their own farm or when working for other land holders on farms on which insurance is not compulsory.

The total number of agricultural accidents to the compulsorily insured in 1912 was 2,679. Besides these, the Agricultural Division of the Insurance Council reported in 1912, 966 other cases occurring in 1911 but not yet dealt with and 10 cases dealt with but subjected to revision.

On the other hand, of the total number of accidents to be dealt with in 1912, 949 were still under consideration at the end of the year. In the course of the year 1912, 2,370 accidents were actually dealt with.

From these 2,370, we must deduct 275 (or 11.6 % of those dealt with in the year), as the law of May 27th., 1908 was found not to apply to them.

The number of accidents to those voluntarily insured, reported to the Insurance Council in 1912 was 227.

To this figure we must add 100 accidents not dealt with in the previous year and deduct 107 not yet dealt with at the end of the year.

258 cases were finally dealt with, to 39 of which (15.3 %) it was found the law did not apply.

Since the law of 1908 on agricultural accidents came into force, the total number of accidents reported to the Insurance Council has been as follows:

<u>Year</u>	<u>Compulsory Insurance</u>	<u>Voluntary Insurance</u>
1909 . . . . .	550 accidents	21 accidents
1910 . . . . .	1,978    »	118    »
1911 . . . . .	2,312    »	197    »
1912 . . . . .	2,370    »	255    »

## § 2. — DISTRIBUTION OF ACCIDENTS ACCORDING TO THEIR SERIOUSNESS.

The 275 accidents also mentioned being excluded, the law of 1908 was applied in 2,095 cases of compulsory insurance. Of these, 1,095 accidents gave no claim to compensation as the victim had recovered his full working capacity or only suffered a diminution of working capacity of less than 10 %, which is the minimum giving claim to compensation.

Of the remaining 1,000 accidents, 61 were mortal; in 32 cases the deceased left no one entirely or partially supported by him; they entailed therefore, only the reimbursement of funeral expenses of not more than 50 crs.

In the 29 other cases of death, 25 of the victims were labourers with one or more persons *entirely* dependent on them and 4 were such as had one or more persons *partially* dependent on them. Under the first head, the

parties concerned had to be compensated up to the amount of 2,500 crs ; in the second case, the amount to be paid in claims was only 800 crs.

Next come the claims paid for permanent disablement, in 1912 arising out of 564 accidents.

The compensation is calculated in relation to the degree of disablement, so that the maximum, 3,600 crowns, is granted in cases of total disablement.

In 1912, a total amount of 401, 088 crs. was granted in compensation, distributed as under :

Disablement amounting to	10	%	201	cases	crs.	
					72,228	
»	»	11-15	»	133	67,500	
»	»	16-20	»	84	59,760	
»	»	21-25	»	48	43,200	
»	»	26-50	»	76	101,520	
»	»	51-75	»	18	43,920	
»	»	76-99	»	2	5,760	
»	»	100	»	2	7,200	
Total . . .					564 cases and	401,088

With regard to the 216 (255-39) accidents to the voluntarily insured, 60 did not entail permanent disablement. Of the remaining 156, 61 gave no claim to compensation. Of the 95 remaining cases, 5 were mortal and 90 entailed disablement.

The compensations, granted on the same basis as in the case of compulsory insurance, amounted altogether to 7,500 crowns for the deaths and 56,232 crs. for the cases of permanent disablement, distributed as follows:

Disablement amounting to	10	%	41	cases	crs.	
					14,688	
»	»	11-15	»	17	8,856	
»	»	16-20	»	14	10,008	
»	»	21-25	»	7	6,300	
»	»	26-50	»	10	14,220	
»	»	51-75	»	1	2,160	
»	»	76-99	»	—	—	
»	»	100	»	—	—	
Total . . .					90 cases and	56,232

The total number of claims granted since the coming into force of the law are divided as follows :



## I. COMPENSATION FOR MORTAL ACCIDENTS.

*A. Compulsory Insurance.*

	Number of Deaths	Number of Claims		Amount of Claims in crs.		Total Amount of Claims in crs.
		Total	Partial	Total	Partial	
1909	26	12	—	30,000	—	30,000
1910	65	89	6	60,000	30,100	63,100
1911	89	39	7	97,500	3,600	101,100
1912	61	25	4	62,500	2,200	64,700
1909-1912	241	100	17	250,000	8,900	258,900

*B. Voluntary Insurance.*

	Number of Deaths	Number of Claims		Amount of Claims in crs.		Total Amount of Claims in crs.
		Total	Partial	Total	Partial	
1909	2	2	—	5,000	—	5,000
1910	9	7	—	17,500	—	17,500
1911	7	3	1	7,500	500	8,000
1912	5	3	—	7,500	—	7,500
1909-1910	23	15	1	37,500	500	38,000

## II. CLAIMS GRANTED FOR DISABLEMENT.

Year	Compulsory insurance	Voluntary insurance
1909 . . . . .	10,332 crs.	1,260 crs.
1910 . . . . .	305,496 "	24,480 "
1911 . . . . .	425,340 "	40,680 "
1912 . . . . .	401,088 "	50,232 "
1909-1912 . . . . .	1,142,256 "	122,652

Let us add that in 1912, the cases submitted to the council for revision led to a supplementary grant of compensations to the amount of 12,780 crs. to the compulsorily insured and of 720 crs. to the voluntarily insured.

### § 3. — CLASSIFICATION OF ACCIDENTS ACCORDING TO THE AGE OF THE VICTIMS AND THE CAUSES.

The report we are summarising gives very interesting statistics with regard to the distribution of accidents in relation to the age of the victims and the causes of the accident.

In view of the rarity of such statistics, we propose to reproduce them in some detail, giving also information as to the various kinds of farm on

## Classification of Accidents in 1912 to Persons Compul

Degree of Disablement	10 %			11-15 %			16-20 %			21-25 %		
	Men	Women	Total	Men	Women	Total	Men	Women	Total	Men	Women	Total
Under 10 Years . . . . .	—	—	—	—	—	—	—	—	—	—	—	—
10-14 » . . . . .	10	2	12	2	—	2	3	—	3	3	—	3
15-19 » . . . . .	32	3	35	20	5	25	10	2	12	3	1	4
20-29 » . . . . .	37	12	49	13	10	23	14	6	20	7	3	10
30-39 » . . . . .	27	—	27	15	2	17	4	3	7	7	—	7
40-49 » . . . . .	15	8	23	16	2	18	7	2	9	4	1	5
50-59 » . . . . .	20	4	24	16	5	21	8	—	8	7	—	7
60-64 » . . . . .	16	—	16	9	1	10	7	—	7	3	1	4
65-69 » . . . . .	8	—	8	12	1	13	10	—	10	4	—	4
70-74 » . . . . .	6	—	6	3	1	4	5	1	6	2	—	2
75-79 » . . . . .	1	—	1	—	—	—	2	—	2	2	—	2
80 years and over . . . . .	—	—	—	—	—	—	—	—	—	—	—	—
Age unknown . . . . .	—	—	—	—	—	—	—	—	—	—	—	—
Total . . . . .	172	29	201	106	27	133	70	14	84	42	6	48

## Classification of Accidents in 1912 to Persons Volun

Degree of Disablement	10 %			11-15 %			16-20 %			21-25 %		
	Men	Women	Total	Men	Women	Total	Men	Women	Total	Men	Women	Total
Under 10 Years . . . . .	—	—	—	—	—	—	—	—	—	—	—	—
10-14 » . . . . .	—	—	—	—	—	—	1	—	1	—	—	—
15-19 » . . . . .	—	—	—	—	—	—	—	—	—	1	—	1
20-29 » . . . . .	1	1	2	—	—	—	—	—	—	—	—	—
30-39 » . . . . .	4	1	5	—	1	1	—	—	—	—	—	—
40-49 » . . . . .	5	2	7	3	2	5	1	3	4	1	2	3
50-59 » . . . . .	10	4	14	5	2	7	1	—	1	—	—	1
60-64 » . . . . .	5	3	8	2	1	3	1	3	4	1	1	2
65-69 » . . . . .	3	—	3	—	—	—	2	1	3	—	—	—
70-74 » . . . . .	1	1	2	—	1	1	1	—	1	—	—	—
75-79 » . . . . .	—	—	—	—	—	—	—	—	—	—	—	—
80 years and over . . . . .	—	—	—	—	—	—	—	—	—	—	—	—
Age unknown . . . . .	—	—	—	—	—	—	—	—	—	—	—	—
Total . . . . .	29	12	41	10	7	17	7	7	14	3	4	7

ily Insured, according to the age of the Victims.

26-50 %		51-75 %			76-99 %			100 %			Total Invalided			Deaths			Total		
Women	Total	Men	Women	Total	Men	Women	Total	Men	Women	Total	Men	Women	Total	Men	Women	Total	Men	Women	Total
—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
—	2	1	—	1	—	—	—	—	—	—	21	2	23	4	—	4	25	2	27
2	9	2	1	3	1	—	1	—	—	—	75	14	89	12	—	12	87	14	101
1	12	3	1	4	—	—	—	1	—	—	86	33	119	11	1	12	97	34	131
1	8	4	—	4	1	—	1	1	—	1	66	6	72	6	—	6	72	6	78
—	8	3	—	3	—	—	—	—	—	—	53	13	66	6	1	7	59	14	73
3	16	2	—	2	—	—	—	—	—	—	66	12	78	10	—	10	76	12	88
5	13	1	—	1	—	—	—	—	—	—	44	7	51	2	—	2	46	7	53
1	6	—	—	—	—	—	—	—	—	—	39	2	41	4	—	4	43	2	45
—	2	—	—	—	—	—	—	—	—	—	18	2	20	2	—	2	20	2	22
—	—	—	—	—	—	—	—	—	—	—	5	—	5	1	—	1	6	—	6
—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—	—	—	—	—	—	1	—	1	1	—	1
13	76	16	2	18	2	—	2	2	—	2	473	91	564	59	2	61	532	93	625

ily Insured, according to the age of the Victims.

26-50 %		51-75 %			over 76 %			Total Invalided			Deaths			Total		
Women	Total	Men	Women	Total	Men	Women	Total	Men	Women	Total	Men	Women	Total	Men	Women	Total
—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—	—	—	1	—	1	—	—	1
—	—	—	—	—	—	—	—	—	—	—	1	—	1	—	—	1
—	—	—	—	—	—	—	—	—	—	—	1	1	2	—	1	2
—	—	—	—	—	—	—	—	—	—	—	4	6	2	—	4	6
—	—	—	—	—	—	—	—	—	—	—	10	9	19	1	1	21
2	2	1	—	1	—	—	—	17	9	26	1	—	1	11	10	21
3	1	4	—	—	—	—	—	12	9	21	—	—	—	12	9	21
1	1	2	—	—	—	—	—	6	2	8	—	—	—	6	2	8
—	—	1	—	—	—	—	—	2	3	5	—	1	1	2	4	6
—	—	1	—	—	—	—	—	—	1	1	1	—	1	1	1	2
—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
4	6	10	1	1	—	—	—	54	36	90	3	2	5	57	38	95

which the accidents occurred and their distribution over the various months of the year and in regard to the days of the week.

The 625 accidents to the compulsorily insured as well as the 95 to the voluntarily insured are classified in the following tables according to the age and sex of the victims, from which we see that the age of the victims voluntarily insured is comparatively far greater than that of the others. Unfortunately, the returns do not cover sufficient ground to allow of any useful conclusion being drawn from this.

The accidents to the compulsorily insured were distributed as follows among the various kinds of businesses.

	Accidents	
	Causing Disablement	Causing Death
I Farms of a value of more than 100,000 crs.	99	17
II " " " " between 50,000 and 100,000 "	55	7
III " " " " " 20,000 " 50,000 "	160	20
IV " " " " " 12,000 " 20,000 "	84	6
V " " " " " 1,000 " 12,000 "	38	2
VI Forestry . . . . .	28	—
VII Horticulture . . . . .	15	—
VIII Dairies . . . . .	32	4
IX Threshing with machines . . . . .	3	—
X Reed cutting . . . . .	39	2
XI Marl pits . . . . .	3	1
XII Occupations auxiliary to agriculture . . . . .	8	2
Total . . . . .	564	61

The accidents were distributed as follows over the various months of the year and in respect to the days of the week :

	Compulsory insurance			Voluntary Insurance
	Men	Women	Total	
January . . . . .	62	6	68	10
February . . . . .	56	5	61	10
March . . . . .	40	5	45	6
April . . . . .	42	4	46	3
May . . . . .	42	5	47	6
June . . . . .	39	3	42	6
July . . . . .	46	10	56	11
August . . . . .	75	24	99	11
September . . . . .	42	6	48	9
October . . . . .	30	12	42	9
November . . . . .	30	7	37	6
December . . . . .	28	6	34	8
Total . . . . .	532	93	625	95

	Compulsory Insurance			Voluntary Insurance
	Men	Women	Total	
Sunday . . . . .	38	8	46	8
Monday . . . . .	87	17	104	10
Tuesday . . . . .	79	14	93	16
Wednesday . . . . .	82	23	105	16
Thursday . . . . .	78	6	84	14
Friday . . . . .	79	10	89	13
Saturday . . . . .	88	14	102	18
Day not stated . . . . .	1	1	2	—
Total . . . . .	532	93	625	95

As we see, August, which is harvest time, is the month in which accidents are by far the most frequent. The distribution of the accidents over the various working days is fairly even.

The causes of the 625 accidents covered by compulsory insurance and of the 95 covered by voluntary insurance may be summarised as under :

Accidents caused by	Compulsory Insurance	Voluntary Insurance
Horses . . . . .	70	2
Bulls . . . . .	13	} . . . . . 7
Other Horned Cattle . . . . .	35	
Other Animals . . . . .	1	
Carts . . . . .	94	19
Engines . . . . .	16	—
Agricultural Machinery . . . . .	93	12
Implements . . . . .	41	6
Falls . . . . .	120	39
Landslips, Blows etc. . . . .	53	—
Various Causes (1) . . . . .	89	10
Total . . . . .	625	95

The law of May 27th., 1909 grants daily allowances to the victims of accidents only after a term of 13 weeks, during which the recognised sickness insurance societies subventioned by the State may intervene with assistance. The Labourers' Insurance Council has made investigations to discover how many of the victims of accidents were members of such

(1) In 35 cases, wounds from sharp objects (thorns, blades of grass etc.).

societies. From the information obtained, it appears that of 2,025 victims of accidents, compulsorily insured, only 1,010 or 49.9 % were members of sickness insurance societies. In the preceding year, the proportion was only 45.7%, so that there has been some progress made in the matter.

The corresponding figures for the voluntarily insured were 66.4 % in 1912 and 57.8 % in 1911.

In the 2,095 cases treated in 1912, 1,766 of the risks were insured by mutual societies and 297 by limited liability societies, 4 cases not by any society, 15 were covered by the State itself, and with regard to the remaining 13 there is no information.

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## Part III: Credit

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##### § I. ORGANISATION.

The Postal Savings Bank was founded in Austria in 1883, in conformity with the law of May 28th., 1882, completed by the provisions of the law of November 18th., 1887, which centralises at the Vienna head office all business relating to the postal savings bank service.

The Postal Savings Bank service may be divided into: (a) *The Savings Department*, (b), *the Cheque and Clearing House Service*, (c) *State Security Department* (Purchase, Custody and Sale of State Securities), (d) *De-*

*partment for the Collection of Bills and other Similar Operations, (e) Department for Loans on Pledge of Personal Estate, (f) Discounting Department, (g) Administration of Salt Spring Certificates.*

(a) *Savings Department.*

The Postal Savings Bank Office receives the savings deposited in the post offices, invests the money at interest and refunds it on demand through the post offices. On occasion of the first deposit the post office gives the depositor a bank book, made out to his name; it must contain proof of the depositor's identity and his signature; any future deposits may be made in any post office, and entered in the bank book. Not more than one book may be issued for a single depositor. The depositor, his legal successor or representative, may always withdraw the entire amount deposited at any post office indicated by him, after notice given. Even depositors under age may withdraw their deposits, unless their legal representatives present written objection at the Postal Savings Bank Office.

Except in this case, objections against withdrawal of deposits can only be considered when a suit is pending affecting the right of ownership of the bank book.

Objections of the kind must be presented in writing at the Postal Savings Bank Office together with the necessary documents.

The deposits made with the postal savings bank are not distrainable nor may they be pledged; nor are the bank books subject to judicial execution.

The minimum deposit is one crown: any larger deposit must be a multiple of a crown. To render savings of smaller amounts possible, "Postal savings cards" are issued. When stamps to the amount of one crown have been attached to such a card, it is accepted in deposit. A single depositor may not present more than three postal savings cards a week.

The credit of a single depositor, in principal and interest must never be more than 2,000 crs. However, deposits may be made in excess of this, if at the same time application is made for the purchase of State securities.

Withdrawals of all or part of the savings are made by means of notice given by the person who has a right to them: there are special forms for notice of withdrawal, distributed to the depositor together with the bank book when he makes his first deposit. The Postal Savings Bank Office, on receipt of the demand, sends the depositor or the person indicated by him in his demand, an order payable within two months. This is generally sent by return post, at any rate speedily enough to allow of withdrawal within the following periods, counting from date of receipt of demand at the Postal Savings Bank Office: amounts of between 20 and 200 crs. within 15 days; amounts between 200 and 1,000 crs., within a month; amounts in excess of 1,000 crs., within 2 months. The depositor may, however, withdraw amounts up to 40 crs. immediately on demand at any post office even without first advising the Postal Savings Bank Office.

At the Vienna Postal Savings Bank Office deposits may be withdrawn immediately, irrespective of their amount. It is sufficient to present the form of demand completed and signed, together with the savings bank book. Deposits at the postal savings bank bear interest at 3 % per ann. On the 31st. of December of each year the interest is added to the principal and the same interest is given on the new total. No interest is given on amounts in excess of 2,000 crs. It must be observed that in the case of postal savings bank deposits currency of prescription is interrupted by every new deposit, every new demand for withdrawal and every registration of interest in the bank book. The provisions of § 1,480 of the Austrian General Civil Code, according to which at the end of three years arrears of interest are lost by prescription, does not apply in the case of postal savings bank deposits.

The correspondence of depositors with the postal savings bank does not pay postage and is exempt from stamp and other duties.

The interest on deposits is exempt from income tax but not from the tax on personal income (§ 125, No. 5; § 169, No. 2, of law of October 25th., 1896. *Bulletin of Imperial Laws*, No. 220).

#### (b) *Postal Cheque and Clearing Service.*

In the number of our Bulletin for August, 1913 (pp. 129 et seqq.), we have already shown in a general way the importance the postal cheque and clearing service has assumed in certain States; we there showed the systems on which this service is carried on and why in Austria it was associated with the Postal Savings Banks.

The Cheque Service of the Austrian Postal Savings Bank Office consists in the opening of current accounts by the Office into which deposits may be made through any post office, while the depositor may make payments by means of cheques out of the amounts entered to his account. The credit, therefore, is formed by payments made in any post office either by the owner of the account himself or by third parties in his favour; in the debit account are entered the payments the owner of the account makes by means of postal cheques supplied by the administration, which may be cashed in any post office.

The advantage of the postal cheque is that it can be accepted and paid in any post office of the State. If any person, even not belonging to the service, desires to make payment to the owner of a current account he need only pay the necessary sum into a post office and the administration will credit the account with it. If, again, the owner of a current account wishes to pay an amount to a third party who has no account with the Office, he must make out a postal cheque to him payable in any office. If, on the other hand, the account to be regulated concerns two persons who both have accounts with the Office, the debtor makes out a cheque in

favour of the creditor, who, instead of asking the Post Office to cash it, has the amount deducted from the debtor's account credited to his own (1).

To obtain a right to these advantages, once his application for a postal cheque and clearing account has been granted, the applicant must make an initial deposit of 100 crowns, as otherwise he will forfeit his rights.

Deposits in cheque accounts are made as follows :

(a) by means of certificates of payments (Erlagscheine) ;

(b) by means of postal orders (Postanweisungen) ;

(c) by crediting a current account with amounts of cheques drawn by other persons possessing accounts ;

(d) by crediting it with the amounts the Post Office collects for the owner of the account.

Clauses (a) (b) and (d) indicate real payment of cash, while (c) refers to transfers of credit from one account to another (*clearing*).

In regard to (a) : by means of the certificate of payment, deposits may be made by any one in behalf of the owner of an account and this is the ordinary way in which credits are increased.

No maximum has been fixed for the amounts that may be deposited in this way.

In regard to (b) : the holder of an account may apply to the postal office through which he receives his correspondence to have the postal orders addressed to him, except those sent by telegraph or express, credited to his account instead of paid to him in cash. Every owner of a current account is free to forward the postal orders he receives from third parties directly to the Postal Savings Bank Office, with indication of his account or his name as under :

*To the I. R. Postal Savings Bank Office (to the credit of A. B's account No...) Vienna.*

The owner of the account may also request that the amounts he receives by money and postal orders (Postauftrags- und Nachnahmebeträge) be placed directly to his cheque account.

The same course is taken in the case of other amounts recovered through the post office.

In regard to (d) : the proceeds from sale of Government securities, collection or exchange, made by the postal savings banks on behalf of those who have accounts with them, are on request credited to the cheque accounts.

In regard to (c) : payment by transfer of credit is a real payment on the part of the owner of the account debited and, on the other hand, a payment by endorsement in the case of the holder of the account credited.

Before speaking more at large of this class of payment, let us say a few words in regard to the postal cheque.

The holder of a current account draws postal cheques on it. These are written orders to the management to pay definite amounts out of his account either to him or to third parties.

(1) Cf. the article by Dr. U. GIUDA: "Il Servizio postale di checks e clearing" in *Rivista delle Comunicazioni*, January, 1912 page 22. Rome. Ministero delle Poste e Telegrafi.

For this purpose the office delivers cheque books either to the owners of accounts or persons authorized by them. The owners of the accounts are responsible for all consequences due to misuse, theft or loss of cheques delivered to them and, in case of loss, must immediately advise the office so as to prevent payment being made to unauthorized persons. Cheques may not be drawn for amounts exceeding the total credit of the drawer. If a person overdraws his account several times, the Postal Savings Bank may notify the holder, and close his account. In Austria cheques may not be issued for amounts of more than 20,000 crs., unless payment is made by a simple transfer of credit. In that case there is no limit to the amount.

There are two kinds of cheques: *cheques to bearer* and *inscribed cheques* payable only to the particular person named. The cheques to bearer are payable on demand, the inscribed cheques are not. They must be forwarded to the office, which, after the necessary examination, pays them indirectly by crediting the payee's account or by postal order, registered letter, order for payment or otherwise. In Austria there are four ways of paying postal cheques.

1. *Cash Payment* (Barzahlung). — This is the simplest, when the holder of the cheque resides in Vienna, where the Central Bank has its seat. The cheque to bearer, but not the inscribed cheque, may be presented to the Bank by any person, to be paid at sight, after due examination of the signature and of the drawer's account.

2. *Payment by Postal Order or Registered Letter* (Rückzahlung mittels Postanweisung oder Wertbriefes). — This course is taken when the holder of the cheque, whether inscribed or to bearer, does not reside in Vienna. He forwards the cheque directly to the Central Bank, with request for the amount to be forwarded by postal order or registered letter.

3. *Payment by Transfer of Credit* (Rückzahlung mittels Gutschrift auf einem anderen Konto). — This can only be arranged in the case of two parties both holding current accounts. In order to effect payment to his creditor the debtor writes an order to pay him the amount due, in the usual form. Then, he draws a cheque on his account for the same sum.

He will make the following note on it: 'To effect payment, in accordance with the attached order (*zur Einzahlung des Betrages auf beiliegendem Erlagschein*). As soon as the Central Bank receives the two forms, it deducts the amount indicated from the account of the drawer of the cheque and enters it to that of the payee indicated, advising him of the operation effected. The transfer of credit may, however, take a still simpler form, when the debtor draws a cheque which he delivers or sends to his creditor. The latter may then ask the Central Bank to enter the amount to his credit.

4. *Payment by Order for Payment* (Rückzahlung mittels Zahlungsweisung). — If the payee of an inscribed cheque has not a current account or if payment by transfer of credit is expressly excluded, the cheque is paid through the post office of the place where the payee lives by means of an order issued by the central management.

The Postal Savings Bank Office pays interest of 2 % per ann. on the cheque account, the permanent deposit included.

On the postal cheque and clearing operations the following taxes and charges are paid: On every operation conducted in connection with an account a tax of 4 heller called *Manipulationsgebühr* is levied. There is a charge of  $\frac{1}{4}$  ‰ on all entries to the debit of an account up to 6,000 crs. and of  $\frac{1}{8}$  ‰ on larger amounts. There is exemption from this charge for payments effected by means of a transfer of credit and by post office order, for amounts debited to the holder of a current account on account of purchase of Government securities and all amounts the savings bank deducts from a current account under the head of taxes, commission etc.

With regard to the administration of funds paid into cheque account, the Central Bank must always have at its disposal the amounts necessary for its work. The surplus must be invested in such a way as to reduce the risks to a minimum. The following investments are authorized: the purchase of salt spring certificates, deposits in current account in the large banks at short maturity, advances on absolutely safe security; discount of bills when no risk is incurred; purchase of shares in Government Debt.

A special reserve fund has been formed to meet eventual losses.

\* \* \*

The international postal cheque and clearing service is conducted in two ways: by means of the postal service properly so called, also styled official service (*amtlicher Verkehr*), directly by the post offices; or by means of the postal bank service, by the post offices and banks.

The postal service properly so called is in operation among the countries that have organized a cheque and clearing service. It has been working between Austria, Hungary, Germany and Switzerland since February 1st., 1910 (Agreement of October 27th., 1909 for the introduction of the international postal cheque and clearing service).

Anyone who has a current account in any of the above countries may give order for a transfer of credit to the holder of a current account in another: transactions in cash are not allowed.

For transfer of credit, Austria makes a very small charge: for transfers up to 2,000 crs,  $\frac{1}{4}$  ‰; for transfers of larger amounts  $\frac{1}{8}$  ‰. The minimum is 5 heller.

There are special rules for the cheque service between Austria and the Levant: only the I. and R. Post Offices of Beyrouth, Constantinople I, Durazzo, Jerusalem, Jaffa, Janina, Salonica I, Scutari (Albania), Smyrna I and Vallona are authorized to accept deposits and make payments in cheque accounts.

The international postal cheque and clearing service, in the countries where it is established, namely: Austria, Hungary, Germany, Switzerland and Belgium, regulates international economic relations only by transfer of credit and not by cash, or by transfers between current accounts in the Bank and in the post office.



It therefore serves those exclusively who have current accounts with the post office. It is quite useless in the case of those countries which have not yet started such a service for themselves. With respect to these limitations, we may say that the service is completed by the second form of organized international service, that of the postal bank service. This is working between the postal departments of Austria, Germany, Switzerland, Hungary and some foreign banks in various countries. In accordance with special agreements, these banks serve as intermediaries for all those who have to do business in connection with postal cheque accounts in Austria, Germany, Switzerland and Hungary. The operations may be conducted either by means of money or by transfer of current accounts between the Bank and post offices.

The cheque and clearing service was organized in 1906, between Austria and Germany, by means of the Berlin *Deutsche Bank*; in 1907 between Austria and Switzerland, by means of the *Schweizerische Kreditanstalt* of Zurich; between Austria and Italy, by means of the Milan *Banca commerciale italiana*; between Austria and Great Britain, by means of the London branch of the *K. K. priv. Österreichische Länderbank*; in 1908 between Austria and France, by means of the *Société Générale pour favoriser le développement du Commerce et de l'Industrie* of Paris; in 1909 between Austria and Belgium, by means of the *Société Générale de Belgique* of Brussels.

The operations in connection with the service are conducted by the Viennese Postal Savings Bank and the above mentioned other Banks, their branches and agencies, and the credit institutes in other countries in relation with these banks.

Deposits may be made in cash into current accounts at the Vienna Savings Bank, either by means of the direct payment of the amounts into the Banks or their branches or by despatch of these amounts through the post.

For deposits in cash, special deposit certificates (*Erlagserklärungen*) are used, blue for Germany, red for Italy, yellow for England, Scotland and Ireland; light brown for Switzerland. The holders of current accounts may buy them at 2 heller a piece, at the Postal Savings Bank Office which has already been supplied with the stamp of the firm, the name of the depositor and the number of the cheque account in question. These certificates are sent by the depositors to their correspondents abroad. The latter then make the deposits in the Banks or their branches by means of these certificates.

In the Banking Service, deposits may also be made by means of a transfer of credit from current account in the banks indicated or other credit institutions in relation with them. In the latter case, the credit institutes make transfer in favour of the banks, to which, at the same time, the holder of the account forwarding the money indicates directly the holder of the current account in the Vienna Postal Savings Bank to be paid, so that the transfer may be definitely arranged.

Payments in behalf of holders of current accounts of the Vienna Postal Savings Bank are made, as in the case of the home service, by means

of postal cheques on which the amount to be paid may be shown not only in crowns, but also in marks, francs, liras and pounds. The holder of a current account sends the cheque with corresponding order to pay to the Vienna Bank which undertakes the final payment. This is generally arranged directly between the savings bank and the foreign banks, if the Bank indicated has its head office or a branch office at the place of destination or if the payments are to be made by transfer of credit in current account. Otherwise, the Vienna Bank sends the consignee the amount through the ordinary channels provided by the post office. If payment can be made by the bank, the Vienna Postal Savings Bank assigns the amount to the foreign bank or sends the payee a cheque directly and he receives the amount on presentation of the cheque at the bank. The choice between the two methods of payment is, as far as is practicable, left to the payer. The rate of exchange is fixed in accordance with the most recent prices on the money market. The charges on payments made are, generally, identical with those for the international postal service properly so called, with which we have already dealt.

There are special rules for the settlement of the accounts between the offices, with which, however, we do not think it necessary to concern ourselves especially.

(c) *Government Security Business.*

This branch of the Austrian Postal Savings Bank Service is concerned with the *purchase, custody and sale* of Austrian State securities for the account of depositors.

Purchase of securities (1) is effected at the request of the depositors. The purchaser is charged at the rate registered in the official list of the Vienna Exchange on the day of purchase, increased by 2 ‰ of the amount of the purchase price and at least by 40 heller. The amount thus arrived at is deducted from the purchaser's account.

If the savings of a depositor exceed the maximum limit laid down by the law, that is 2,000 crs., he is invited by registered letter to reduce the amount of his credit. If, in the month following the despatch of this letter, he has not done so, the Office purchases Austrian Consols for his account at the rate of exchange, for an amount equal to the excess of the deposits over the legal maximum, in any case for a nominal value of at least 400 crowns. The purchase price is then deducted from the purchaser's account in payment. The securities purchased remain in the custody of the post office until the owner requests that they be sent to him.

The custody of documents of title is undertaken, as guarantee of the kind and quantity of the documents, the value of the coupons and, in case of bonds drawn for, also of the numbers. When securities are deposited with it, the Postal Savings Bank Office gives the depositor a *Rentenbuch* (Consols Book).

(1) The Austrian Government Securities, the Austrian Postal Savings Bank purchases for the accounts of depositors and holders of current accounts are clearly specified.

The book is made out in his name and any fact affecting the deposit is entered in it. The Office also undertakes custody of securities belonging to its depositors it has not itself purchased for them.

No separate charge is made for custody of Consols bought by the Office when, in the request for purchase, request for custody is also made. Otherwise, in the deed of delivery a single charge is made of  $2\text{ }^0\text{/}_{00}$  according to the price on the Vienna Exchange on the day of delivery, but of 40 heller at least; and this is deducted from the deposit or cheque account. The coupons are paid by the Postal Savings Bank on their relative maturity and, when a request to the contrary is not made, credited to the savings deposit or cheque account.

The management of the Postal Savings Bank, besides purchase and custody, also undertakes sale of Government bonds at the rate shown in the official list of the Vienna Exchange on the day of sale, charging  $2\text{ }^0\text{/}_{00}$  on the amount sold, but always a minimum of 40 h. The proceeds of the sale are, at the desire of the seller, credited to his deposit or cheque account or forwarded to the address given.

#### *(d) Collection of Bills and Similar Operations.*

The Austrian Postal Savings Bank Office undertakes to collect bills of every kind, accepted or not, cheques, money orders and invoices for its depositors and the holders of current accounts.

It further undertakes to pay bills indicated as payable at the Postal Savings Bank Office selected by the drawee; to pay the amount of bonds issued in connection with State or other loans, land bonds, lottery tickets or coupons. Finally, it changes gold and silver and foreign Government bank notes.

#### *(e) Loans on Pledge of Personal Estate.*

The Austrian Postal Savings Bank grants loans on pledge of State securities or other personal estate securities. It accepts in pledge Government Consols as well as the bonds of the Kingdoms and Countries represented in the Imperial Council and, generally, such personal estate securities as the Austro-Hungarian Bank may, in accordance with its rules, grant loans upon, as also the shares and land bonds of the Austro-Hungarian Bank. The borrower must repay the loan when due, with interest, unless he has been allowed to renew. If the loan is not repaid when due, the bank has the right, without previously notifying the borrower and without appeal to the law courts, to sell the bonds it holds in pledge and repay itself out of the proceeds. Any balance remains without interest as a deposit in the Savings Bank. The rate of interest on loans on pledge of Government securities and other personal estate securities is fixed by the Management of the Postal Savings Banks. The interest is paid at maturity, at date of extinction or renewal of the loan.

(f) *Discounting of Bills.*

State bonds and personal estate securities (land and other bonds, lottery tickets, shares) which can be given in pledge to the Austrian Postal Savings Bank, and their respective coupons, when payable at latest within three months, are discounted by the Postal Savings Bank, as far as its assets will allow. It does not discount such securities as are pledged, or, generally, such as are not negotiable on the Vienna Exchange (*Vinkulierte oder an der Wiener Börse nicht lieferbare Wertpapiere*).

The rate of interest to pay for discounting bills and coupons is fixed by the Postal Savings Bank Management.

When bills and coupons payable in Vienna are discounted, interest is only calculated for the period to elapse before maturity; in the case of those not being payable in Vienna, in addition to the interest a commission of  $1 \frac{0}{100}$ , and at least 60 heller is charged on bills and one of  $\frac{1}{4} \%$  (at least 20 heller) on the coupons.

(g) *Business in connection with Salt Spring Certificates (Parzial Hypotheken Anweisungen. — Salinenscheine).*

For the account of the Department of Finance, the Austrian Postal Savings Bank issues *Parzial Hypotheken Anweisungen* or *Salinenscheine* (Salt Spring Certificates) on security of the salt springs of Gmunden, Hallein and Aussee and arranges for the renewal, exchange and payment of certificates already matured. The salt spring certificates are issued, at six or three months' date, according to the desire of the parties concerned. The certificates at six months may be renewed twice for six months, those at three months, three times for three months. After the expiry of the term, matured certificates may be exchanged on request for new ones. If they are not exchanged, they are collected for repayment of capital. The rate of interest on salt spring certificates is fixed from time to time by the Department of Finance.

## § 2. WORK.

As appears from the statistical tables published in the number of this Bulletin for August, 1913, it is not the savings business of the Austrian Postal Saving Bank which is of most importance. The Bank had succeeded from the first year in attracting a fairly considerable number of deposits, but the average amount was, however, so small and, on the other hand, the general working expenses were so high, that the interest on the deposits was quite insufficient. Then it was decided to encourage the dealers and manufacturers to make use of the Savings Bank for the regulation of their mutual economic relations, by the foundation of a postal cheque and clearing service. This was originally therefore intended as a means for increasing the savings deposits.

The innovation at once gave excellent results. In 1883, before the change, the deposits amounted to 8,176,889 fls.

In 1884, they amounted to 56,586,461 fls. and 42,223,530 fls. of these were employed in the cheque business. The development of this business has been extraordinary. In 1912, there were 16,500,000,000 deposited in the cheque and clearing business, whilst in the savings department there were only 137,793,848 crs. In 1911 the deposits in the Postal Savings Banks reached their highest amount, about 142,500,000 crs.

On December 31st., 1912, the depositors' credits, consisting of the net balance from previous working years, with the interest matured, amounted to :

Savings Department . . . . .	crs. 201,667,362.47
Cheque           "           . . . . .	» 485,219,841.01
	Total . . . crs. 686,887,203.48

If we compare these figures with those of the Cheque and Clearing Department we see clearly that the savings department, as we said above, is not the most important branch of the Austrian Postal Savings Bank. Its relatively small importance is also seen from a comparison of the accounts of the Austrian Postal Savings Bank with those of the banks of other countries. In Italy, for example the depositors' credits at the end of 1912 amounted to 1,888,098,534 frs. In France, in 1910, it was 1,709,714,869 frs., and in Belgium, in 1911, 1,107,933,463 frs.

For a better understanding of the work of the Postal Savings Banks, above all, in regard to savings deposits, we must not lose sight of the work of the other savings banks in the country. The rate of interest paid by the Postal Savings Bank has contributed in a specially important degree to maintain the balance between the deposits in the Postal and in other Banks.

The interest is in proportion to the yield of the deposits, which is not high, because they are used for loans on terms of favour to public institutions or for purchase of Government Bonds. It is therefore generally less than in other savings banks in the country. The funds placed with the Postal Banks are generally contributed by the lower social classes, unable through poverty to seek lucrative investments. Such depositors rather seek to place their money in a safe institute in which they have confidence. The distribution of the deposits in the savings banks depends, finally, on other circumstances, such as the distribution of the branches and agencies, the means of communication, the density of the population, the level of education, the existence of competing institutes which can be relied upon to collect and invest the savings of individuals and the various special functions of the savings banks in the economic life of the different States.

The information published by the Prussian *Statistische Korrespondenz* (No. 52, October 19th., 1912), already reproduced by us in the number of this Bulletin for January, 1913, contains the following interesting statistics in this connection. It is seen from them that the amount of the deposits at the end of 1909 was :

*in Austria :*

	Marks.
Postal Banks . . . . .	190,810,000
Other Savings Banks . . . . .	4,861,960,000

*in Italy :*

Postal Banks . . . . .	1,268,090,000
Ordinary Banks . . . . .	1,844,170,000

*in France :*

National Savings Bank (corresponding with the Postal Banks) . . . . .	1,275,700,000
Other Banks . . . . .	3,106,730,000

It would be interesting to know how the deposits are distributed according to the class of depositors. But, unfortunately, the annual reports of the Austrian Postal Savings Banks give no information on this point. So we do not know anything in regard to the deposits made more especially by the agricultural class, nor, generally, as to the profession of the depositors.

In the Austrian Savings Banks the number of depositors was as follows in the years 1900-1912.

1910 . . . . .	78	depositors per 1,000 inhabitants
1911 . . . . .	79	” ”
1912 . . . . .	79	” ”

Neither in the case of the cheque service can we give figures to show the degree to which the agricultural classes have made use of the Postal Savings Banks. The balance sheets of the Postal Bank of Vienna do indeed show the profession of those who profit by this service, but they give no information in regard to farmers, the agricultural population, or generally, people engaged in agriculture and deriving their means of livelihood from it. Of the 116,904 holders of current accounts shown in the last return of the Vienna Postal Savings Bank, 33,400 were shopkeepers, 14,353, manufacturers and 13,795, societies. The number of operations conducted by the Bank in the cheque department in 1912 was 72,772,929 for an amount of 32,916,697,585.86 crs. (See in this connection the figures in the following Table, drawn up with the help of the Annual Reports of the Vienna Postal Savings Bank).

*Deposits and Withdrawals in the Austrian I. R. Postal Savings Bank  
from Date of Foundation, 1883, to 1912.*

Year	1. — Deposits								
	Savings			Cheque and Clearing Service			Total		
	Number	Amount		Number	Amount		Number	Amount	
		crs.	cen.		crs.	cen.		crs.	cen.
1883 . . . .	1,821,651	15,876,592	22	892	645,077	78	1,822,543	16,521,670	—
1885 . . . .	1,187,959	29,050,993	28	1,255,130	528,071,291	26	2,443,089	557,122,284	54
1890 . . . .	1,277,805	43,195,714	18	6,067,481	1,761,487,807	—	7,345,286	1,804,683,521	18
1895 . . . .	1,917,784	74,321,016	50	11,033,908	2,971,837,202	16	12,951,692	3,046,158,218	66
1900 . . . .	2,600,291	101,664,875	28	17,257,989	5,213,085,100	77	19,858,280	5,314,749,976	05
1905 . . . .	3,224,609	135,716,971	45	30,427,822	8,136,977,116	57	33,652,431	8,272,694,088	02
1910 . . . .	3,125,367	140,578,805	59	49,466,802	13,702,188,869	32	52,592,169	13,842,767,674	91
1912 . . . .	2,868,678	137,793,848	59	57,743,273	16,457,563,387	57	60,611,951	16,595,357,236	16
General Total from 1883 to 1912									
	66,678,169	2,584,993,027	86	579,054,209	164,821,332,396	43	645,732,378	167,406,325,424	29

Year	2. — Withdrawals								
	Savings			Cheque and Clearing Service			Total		
	Number	Amount		Number	Amount		Number	Amount	
		CrS.	Cen.		CrS.	Cen.		CrS.	Cen.
1883 . . . .	185,771	7,730,561	52	969	426,587	64	186,740	8,157,149	16
1885 . . . .	299,868	23,896,913	92	594,667	504,520,167	44	894,535	528,417,081	36
1890 . . . .	428,909	36,394,298	42	1,583,209	1,756,794,249	86	2,012,118	1,793,188,548	28
1895 . . . .	677,333	62,677,495	60	2,706,294	2,968,502,896	68	3,383,597	3,031,180,392	28
1900 . . . .	952,209	93,185,800	60	4,463,234	5,159,845,271	85	5,415,443	5,293,031,071	45
1905 . . . .	1,588,702	122,912,884	39	7,378,009	8,089,213,177	08	8,966,711	8,212,126,061	47
1910 . . . .	1,813,223	115,892,555	96	13,060,654	13,668,729,434	70	14,873,877	13,804,121,990	66
1912 . . . .	2,022,403	163,337,816	96	15,029,656	16,459,134,198	29	17,052,149	16,622,472,015	25
General Total from 1883 to 1912.									
	29,030,494	2,382,363,879	65	147,601,258	164,379,878,814	52	176,631,752	166,762,242,694	71

Year	3. — Net Balance			
	in the			
	Savings Department		Cheque Department	
	Crs.	Cent.	Crs.	Cent.
1883 . . . . .	8,146,030	70	218,490	14
1885 . . . . .	5,154,079	36	23,551,123	82
1890 . . . . .	6,801,415	76	4,693,557	14
1895 . . . . .	11,643,520	90	3,334,305	48
1900 . . . . .	8,479,074	68	13,239,828	92
1905 . . . . .	12,804,087	06	47,763,939	49
1910 . . . . .	5,186,249	63	33,459,434	62
1912 . . . . .	— 25,543,968	37	— 1,570,810	72
Total Credit of Depositors on December 31st., 1912				
	202,629,148	21	441,453,581	91

Austria is one of the States in which part of the postal savings bank funds is invested in agriculture.

These funds are invested in State or State guaranteed securities, land bonds, communal bonds, railway bonds etc. In 1906, Austria had invested in this way an amount of 632,500,000 crs, representing the credit of its depositors (including the funds of the cheque service).

Depositors' Credits	Nature of Investment	Amount	%
632,500,000 crs. . . . .	Government Debt . . . . .	236,500,000	37
	State Guaranteed Securities . . . . .	62,000,000	10
	Railway Bonds . . . . .	12,000,000	2
	Land Bonds, Communal and Bank Bonds . . . . .	108,000,000	17
	Bills and other Commercial Paper . . . . .	214,000,000	34

The proportion of the investments remained unchanged in subsequent years. In the accounts for 1912, for example, under the head of "Land Bonds, Communal and Bank Bonds", we find 106,696,500 crs. and under that of "Government Debt", 225,317,240 crs.



\* \* \*

In 1912, the net profits of the Austrian Postal Savings Bank were 12,515,691.10 crs. The total was placed to the Reserve Fund for the Cheque Department which must amount to 5% of the total deposits in that department. The deposits, in that department, on December 31st., 1912 amounted to 485,219,841 crs; the reserve fund was reduced to 4,145,713 crs. only. There were, therefore, required to make up the fund, other 20,115,278 crs., of which 12,515,691 crs. were obtained from the net profits. On December 31st., there was still an amount of 7,599,587 crs. to be made up.

The reserve fund of the Savings department has been fixed at a maximum of 4,000,000 crs., in accordance with art. 18 of the law of May 28th., 1882 (Bull. Imp. Laws, No. 56).

## UNITED STATES.

### THE WORK OF THE COMMISSIONS APPOINTED TO INVESTIGATE AGRICULTURAL CREDIT AND CO-OPERATION IN EUROPEAN COUNTRIES.

#### SOURCES :

AMERICAN COMMISSION FOR THE STUDY OF THE APPLICATION OF THE CO-OPERATIVE SYSTEM TO AGRICULTURAL PRODUCTION, DISTRIBUTION AND FINANCES IN EUROPEAN COUNTRIES. Senate Document No. 1,071. Washington, 1913.

WORK OF THE AMERICAN COMMISSION. Senate Document No. 177. Washington, 1913.

REPORT OF THE UNITED STATES COMMISSION TO INVESTIGATE AND STUDY IN EUROPEAN COUNTRIES CO-OPERATIVE LAND MORTGAGE BANKS, CO-OPERATIVE RURAL CREDIT UNIONS AND SIMILAR ORGANIZATIONS. Senate Document No. 380 and *Congressional Record*, January 29, 1914. Washington, 1914.

#### § I. THE ORIGIN OF THE COMMISSIONS.

In April, 1912, the Southern Commercial Congress, in a conference held at Nashville, decided to organize a Commission to be composed of two delegates from every State, to visit certain European countries for the purpose of investigating existing systems of agricultural credit. The proposal aroused great interest, and after some discussion in the press and at various conferences, the scope of the enquiry to be undertaken was widened to include a study of agricultural co-operation in its various forms.

In a Senate Resolution passed on August 15th, 1912, Congress endorsed the proposal and invoked for this Commission — called the American Commission — the diplomatic consideration of the countries to be included in the itinerary.

On March 4th, 1913, Congress authorized the appointment of a Federal Commission — distinguished as the United States Commission — which, by the terms of its reference, was to co-operate with the American Commission assembled under the auspices of the Southern Commercial Congress to investigate and study in European countries co-operative land-mortgage banks, co-operative rural credit unions and similar organizations and institutions devoting their attention to the promotion of agriculture and the betterment of rural conditions.

The President appointed a Commission of seven members with Senator Duncan U. Fletcher as Chairman and Dr. John Lee Coulter as Secretary.

The Joint Commission which finally visited Europe included delegates from 36 States of the Union and 4 Provinces of Canada, together with five of the Commissioners appointed by the President. This is probably the largest commission which has ever attempted to make a serious study of important economic problems. It was decided, after careful consideration, that a large commission, while it had obvious disadvantages, was best adapted to the end which the organizers had in view, namely, to disseminate throughout the whole of America, accurate first-hand information on the many intricate questions connected with rural credit and co-operation. It was felt that only a large number of delegates, each one of whom on his return would, to some extent at least, carry on a campaign of publicity and instruction in his own State, would be able to influence public opinion to any appreciable extent.

The Commission delayed its departure until April, 1913, in order that its visit to Europe might coincide with the General Assembly of the International Institute of Agriculture, which was meeting in Rome in May, thus giving the delegates an opportunity of coming at once into touch with men who represented the agricultural interests of many different countries.

The investigations of the Commission were begun in Italy and extended to Austria-Hungary, Russia, Denmark, Switzerland, France, Spain, Holland, England, Ireland and Egypt. Each country was visited either by the whole Commission or by a specially detailed Sub-commission. The various Sub-commissions reunited in England, and the delegates, concluding their investigations in Ireland, reached the United States on July 26th.

## § 2. METHODS OF WORK OF THE COMMISSIONS.

The United States Commission limited its enquiry to the question of agricultural credit, its definite object being to lay before Congress, within as short a time as possible, specific recommendations with respect to the introduction of a credit system adapted to the pressing needs of the farm population of the United States.

An appropriation of \$25,000 was placed at the disposal of the Commission for clerk-hire and other necessary expenses, but the members serving on the Commission were unpaid.

The Southern Commercial Congress established a permanent office in Washington which served as the headquarters of both Commissions. The preliminary work in arranging the European tour and determining the methods to be adopted in conducting the enquiry was carried out at Washington.

The American Commission extended its investigations to all forms of agricultural co-operation and, in order to ensure that its work should lack nothing in completeness was divided into four sections: (1) Finance, (2) Production, (3) Distribution and, (4) The Organization of Agriculture and Rural Life.

The itinerary of the tour and the general plans for the work of investigation were arranged almost wholly in advance by the International Institute of Agriculture. In each country visited every facility for investigation was afforded to the Joint Commission. As a rule a detailed programme had been arranged by the Government of each country acting through the Department of Agriculture in conjunction with co-operative societies and institutions, and the programme was almost invariably carried out to the letter.

Two principal methods were employed in the work of investigation. In the first place hearings in the nature of conferences were held in most of the towns visited. These conferences or "Juries of Enquiry", were addressed by persons of recognized authority, who described the work done by Government and by voluntary agencies in connection with the various forms of co-operation. Questions were addressed to each speaker by selected delegates, and all statements made in the Juries of Enquiry, together with the questions and answers, were recorded in writing.

The second method of investigation, used as frequently as possible, was the inspection of co-operative institutions at work. Visits were paid, as a rule by Sub-commissions, to a large number of rural banks, land-mortgage institutions, co-operative creameries and dairies and to the offices of agricultural societies and associations. Wherever possible the responsible officers of the different institutions visited were interviewed in a conference conducted on the lines of the more formal Juries of Enquiry. The various Sub-commissions handed in written reports of their labours to a Compilation Committee which was charged with the work of collecting and arranging the material to be incorporated in the Report of the Commission.

To some extent also material was collected by individual members of the Commissions in interviews with responsible Government officers and other authorities.

The amount of written and printed material which accumulated in the hands of the Compilation Committee during the three months' tour was naturally very great. It comprised the records of proceedings in Juries of Enquiry, reports of Sub-commissions, special reports submitted by the officers of co-operative societies and associations, and a great deal of contributed material in the form of annual reports of co-operative societies, copies of constitutions and by-laws, specimen forms of contract, etc.

On the return of the Joint Commission to the United States, two Committees were appointed to examine the evidence collected and draw up a report on behalf of the American Commission. The United States Commission had naturally to draw up an independent report, though the Commissions co-operated in the laborious work of examining, translating, and editing the material collected. The American Commission decided to issue

its Report in two parts: Part I consisting of the evidence gathered in Europe, and Part II of a general discussion of rural credit and agricultural co-operation in European countries, together with the observations and recommendations of the Commission. Part I has already been published and is printed as a Senate Document.

The United States Commission, as we have already noted, limited its investigations to land and agricultural credit. On January 20th of this year it presented to Congress that part of its Report which deals with land-mortgage or long-term credit, together with a draft Bill for the establishment of a system of land mortgage banks (or "national farm-land banks" as it is proposed that they should be called) in the United States.

We shall here first refer briefly to the evidence published by the American Commission and then examine the Report and recommendations of the United States Commission.

### § 3. INFORMATION AND EVIDENCE COLLECTED IN EUROPE.

The evidence is contained in a volume of more than nine hundred pages, printed as Senate Document No. 214, under the title of "Agricultural Credit and Rural Co-operation in Europe: Information and Evidence". The evidence presented relates to agricultural co-operative institutions of every kind in 14 countries in which no less than 90 towns and villages were actually visited by the Commission or by Sub-commissions. The investigations, which began at Rome, were concluded at Limerick, and the evidence is presented with the minimum amount of editing in the chronological order in which it was secured. The resulting volume is in substance a series of monographs covering every phase of agricultural credit and co-operation in European countries.

Among those who contribute their evidence are included heads of Government departments, secretaries of official and semi-official organizations, managers of co-operative enterprises of all kinds, and professors in high-schools and universities, so that the net result is a full unbiassed presentation of the facts relating to the agricultural co-operative movement.

It is impossible here to do more than indicate briefly some of the contents of the formidable volume before us. This can best be done by giving country by country some of the references in the Table of Contents. These relate as a rule either to papers submitted to the Juries of Enquiry or to Reports of Sub-committees.

*Italy.* — Opening Address (delivered at the International Institute of Agriculture, Rome): Hon. Luigi Luzzatti. Land Mortgage Banks: Special Statement by the Minister of Agriculture. Rural Banks: Address by the Hon. Leone Wollemborg. Co-operative Insurance, by Dr. Casalini. Land Credit. Rural Credit in Sicily. Metayer System in Tuscany. Collective Leases and Co-operative Farms. Agricultural Credit and Co-operation in Italy: Statement by the International Institute of Agriculture.

*Egypt.* — Production and Marketing of Egyptian Cotton.

*Roumania.* — Co-operative Movement in Roumania: Statement by Mr Fobin Enesco, Director General of Roumanian Popular Banks.

*Hungary.* — Rural Credit and Co-operation in Hungary: Statement by the Department of Agriculture. Hungarian Land Credit Institution: Count Hoyos, Director. Agricultural Banking.

*Austria.* — Certain Aspects of Co-operative Agriculture in Austria: Statement by the Ministry of Agriculture. Rural Credit and Co-operation. Provincial Mortgage Institute of Lower Austria, by the Director. Raiffeisen System in Austria: Evidence of Dr. M. R. von Erve of the Ministry of Agriculture. Agricultural Co-operation and Government Aid in Austria.

*Russia.* — Agricultural Credit: Evidence of Officials of the Treasury Department. Russian Agriculture: V. E. Brunst of the Department of Agriculture. People's Co-operative Bank of Moscow: Evidence of the Officials.

*Germany.* — Agriculture and Land Credit in Bavaria. Co-operation in Bavaria. Rural Co-operative System in Wurttemberg. Agricultural Credit in the Grand Duchy of Baden. Co-operative Organization: Address by Dr. Grabein. Nassau Union of Raiffeisen Rural Co-operative Societies, by the Director. Landschaft System, by Dr. Brodnitz. Landschaft Bank of Halle, by the Director. Agricultural Co-operation in the Kingdom of Saxony. Agricultural Organization in Germany.

*Switzerland.* — Legislative Foundations of the Swiss Credit System. Canton Banks. Development of Agricultural Co-operative Societies. Raiffeisen Banks.

*Belgium.* — Co-operative Credit, Production and Purchase Societies. Agricultural Education. Central Co-operative Agricultural Credit Society of Liege.

*Holland.* — Survey of Agricultural Credit in the Netherlands. Co-operative Auction Markets. Land Mortgage Bank of Holland. Organization of a Peasants' Co-operative Loan Bank.

*Denmark.* — Co-operative Organization, by the Manager of the Co-operative Wholesale Society. Co-operative Law. Mortgage Credit. Small Holders and Government Loans. Credit Institutions, Agricultural Organizations.

*Norway.* — General Conditions in Norway. Mortgage Banks of the Kingdom of Norway.

*Spain.* — Rural Credit Institutions in Spain. Proposed Agricultural Credit Law. Distribution and Marketing.

*France.* — History of Agricultural Credit. Short-time Agricultural Credit. Collective Long-term Credit. Mutual Co-operative Insurance Societies. Organization and Operation of the Crédit Foncier. Co-operation in French Agriculture. Detailed Working of the Crédit Agricole in the Gironde. Farmers' Mutual Accident Insurance in Indre-et-Loire.

*England.* — Co-operative Agricultural Credit in England and Wales. English Agricultural Organization Society.

*Wales.* — Development Societies in Agricultural Organization. Co-operation and Business Organization in Agriculture. University College of Wales and Agricultural Co-operation.

*Scotland.* — Agricultural Organization in Scotland. Rural Credit in Scotland.

*Ireland.* — Suggested Solution of the Rural Problem. Difficulties in Organizing Farmers. Rural Credit in Ireland. Organization of Agricultural Education in Ireland. Irish Agricultural Organization Society.

#### § 4. THE UNITED STATES COMMISSION'S REPORT ON LAND MORTGAGE CREDIT.

Part I of the Report of the United States Commission contains a discussion of land-mortgage credit with special reference to conditions in Germany, followed by a detailed statement of the considerations which have led the Commission to suggest certain legislation for the United States and by a draft Bill for the establishment of land-mortgage banks.

As a preliminary to the discussion of land-mortgage credit, the Commission first defines it as "credit to meet the capital requirements of the farmer", and distinguishes between such credit and short term or personal credit which serves "to meet the current or annually recurring needs of the farmer". The capital requirements of the farmer are then defined as "his need for large sums of money to be used in aiding to pay the purchase price of his farm, in improving the farm or in equipping it so as to bring his operations to the highest stage of efficiency", and the annually recurring needs of the farmer as "the money needed by him to finance his operations during the time that the crops are being produced".

In the opinion of the Commission the development of a system of mortgage banks, dealing principally (if not exclusively) in long term loans to meet the farmer's capital requirements, must necessarily precede the establishment of short term or personal credit banks. "In this country", says the Report, "it is urgently necessary to create a land-mortgage security which will be entirely liquid by reason of having a ready market, which will run for a long time, which can be paid off in small annual or semi-annual instalments, and which will enable the land-owing farmer to use most advantageously his best banking asset, land, as the basis of credit".

The Report next calls attention to the danger of assuming that because a system has proved successful in one country it will, therefore, prove successful in another country where conditions may be widely different; and in this connection draws a contrast between agricultural conditions in Germany and in the United States, as follows:

"In size the German Empire is about equal to the area of the State of Texas after cutting off from Texas an area as large as the State of Alabama. In population the German Empire contains about 68,000,000 people, or more than two-thirds of the population of the whole United Sta-

tes. In intensive farming the Germans are far ahead of our own farming population, and the average production in Germany has increased greatly, while our average yield per acre has increased but slowly. In Germany the population in a given district is largely homogeneous, and the individual is, so to speak, attached to the soil, the same farms continuing in the same families for generations. In this country such a condition is seldom found. In Germany, on account of the limited supply of land and the large population, and on account of the known productivity of each piece of land, the value of that land is easily ascertained and varies within very slight limits. In this country the variations in value are very great. In Germany the average farm is about twenty acres; in this country the average farm is 138 acres. In Germany the credit and resources of the individual in a community are known to practically every other individual in that community; in this country no such accurate information is obtainable. In Germany the small farmer, his wife and children all do manual work on the farm; in this country such a condition is rare. In Germany the people have been trained to a supervision and control of their operations by strict Government regulations which would not be favoured in this country".

It is hardly necessary here to follow the Commissioners in their exposition of the practice and principles of European land mortgage institutions. The ground covered is already familiar to readers of the *Bulletin*, so that we may proceed to consider the recommendations embodied in the Bill which accompanies the Report.

In brief, it is proposed to permit any ten persons to organize a land mortgage bank, under a Federal charter and subject to Federal supervision, but limited as to its sphere of action to the territory of a single State. The minimum capital necessary is fixed at \$ 10,000 in shares of \$ 100 each (except in the case of co-operative banks whose shares may be as low as \$ 25), and each bank would be empowered to issue bonds, guaranteed by first mortgages on farm land within the State, to an amount not exceeding 15 times its capital and accumulated surplus. Under certain conditions the mortgage bonds issued by such banks could be used: (1) as security for the deposit of postal savings funds; (2) as a legal investment for funds accumulated as time deposits in national banking associations; (3) as a legal investment for trust funds under the charge of United States courts.

The capital of the banks, as well as the mortgage bonds themselves, would be exempt from taxation. For the supervision and control of the banks, and in general for the carrying out of the provisions of the Bill, it is proposed to create, in the Treasury Department, a special bureau under the direction of a "Commissioner of Farm-Land Banks".

The Commissioners explain that the plan of a single central mortgage bank for the United States was rejected by them after the most careful consideration in favour of a system of independent banks each operating within the limits of a State. The Commissioners are of the opinion that the plan recommended, which in fact follows very closely the lines of the national banking system as recently modified, is more in harmony with public sentiment in America, which is strongly in favour of free competition and op-



posed to any suggestion of monopoly or privilege. The exemption from taxation accorded to the bonds is justified by the Commissioners on the ground that any tax imposed would fall ultimately on the farmers who borrow from the banks and that such a result would amount to double taxation of land, since land is already the object of taxation in the separate States. The proposal to recognize the mortgage bonds as a medium for the investment of postal savings deposits, trust funds and national bank deposits is intended to raise the status of such bonds by making them easily negotiable in a wide market. The legislation proposed would, it is hoped, at once place the bonds of the mortgage banks on an equality with Municipal, State and Federal government bonds.

With respect to the loans which the banks would be permitted to make upon farm lands, the Bill lays down the following conditions :

(1) that such loans be made for not more than 35 years ; (2) that all farm-mortgage loans shall be on first mortgages only ; (3) that they shall not exceed 50 per cent. of the value of improved farm lands or 40 per cent. of other land ; (4) that every farm mortgage loan shall contain a mandatory provision for the repayment of such loan by amortization ; (5) that the borrower may repay the loan at any interest period after five years.

The value of any land or other real estate offered as security for a mortgage loan would be determined for each bank by an Appraisal Committee consisting of three members of the Board of Directors. Each report of the Appraisal Committee must be signed by at least two of the members, and must show the value at which the land in question is assessed for taxation and such other information as is required by the Directors of the bank or the Commissioner of Farm Land Banks. The adequacy of these provisions has already been questioned, and it would evidently be the duty of the Commissioner to issue stringent regulations with respect to the methods of valuation before giving any bank the power to issue bonds.

The conditions upon which the banks would be permitted to issue bonds are as follows : (1) the difference between the rate of interest charged for loans and the rate paid by the banks on the bonds issued, shall not exceed 1 per cent ; (2) all bonds shall be payable on a date specified ; (3) bonds shall be protected by the deposit of first mortgages of equal nominal value, maturing not less than five years from date ; (4) the amortization payments as made must be credited on the mortgages and the bonds issued against such mortgages must be retired to that extent ; (5) the mortgages held as security for bonds shall be in the joint possession of the bank and of the special official known as the Federal Fiduciary Agent ; (6) no bond shall be issued against any mortgage running for less than 5 years.

In order to furnish the banks with the fluid working capital necessary in any type of banking institution they would be authorized to accept deposits to the extent of 50 per cent. of their capital and surplus, and to do an ordinary banking business (including the purchase and re-discounting of commercial paper) within the limits set by the amount of such deposits. The banks would also be free to invest not more than 50 per cent. of their

working capital in mortgage loans for periods not exceeding five years, against which, however, they would not be allowed to issue bonds.

Further, each bank would have power to buy and sell its own bonds as well as those of any other national mortgage bank, provided always that at any time not more than 50 per cent. of its capital and surplus was invested in such bonds or in short term mortgages.

The provision that a bank may buy in and become a temporary holder of its own bonds is regarded by the Commissioners as of the utmost importance as it enables the bank to maintain a steady market for its bonds and at the same time earn a legitimate profit by opportune dealings in them.

The amount of deposits which could be accepted by the banks is limited to 50 per cent. of each bank's capital and accumulated reserve on the grounds, as stated by the Commissioners, that the banks are not intended to compete with commercial banks and that the holding of deposits for which there may be a sudden demand is likely to endanger the safety of an institution which is engaged principally in making loans for long periods.

The limitation, however, does not apply to deposits of postal savings funds (or other Federal deposits), or to deposits of State funds. A bank must if required, accept postal saving funds up to 50 per cent. of its capital and reserves, but may accept such deposits, as well as deposits of State funds, to an unlimited extent.

Postal savings funds can only be invested in first mortgage loans on farm lands, and the funds held on deposit for the State in which the bank operates can only be invested as provided by the laws of that State.

It is probable that the Commission intend that a bank shall be restricted to accepting deposits on behalf of the State in which it is situated, although in more than one section of the Bill, where "State funds" are referred to, the restriction is not explicit.

The Federal Fiduciary Agent who would be jointly responsible with the bank for all mortgages and deeds of trust held by the bank, and who would in addition certify to every bond issued, is the representative both of the bank with which he is acting and of the Federal Bureau of Farm Land Banks. He would be nominated by the Commissioner of Farm Land Banks, but his salary would be paid by the bank and it is expressly stipulated that he must not be objectionable to the directors of the bank. He would apparently have no security of tenure and it has been urged that his position, in view of the fact that he is intended to represent the controlling authority, would hardly be sufficiently independent.

The balance of the capital and surplus of any bank may be invested in interest-bearing securities approved by the Commissioner of Farm Land Banks.

The Bill would authorize the establishment of land mortgage banks on a co-operative basis and grant such banks the privilege of transacting a general banking business with their own members only, in addition to the land mortgage business defined in the Bill. The special provisions affecting co-operative mortgage banks are as follows: (1) the holding of shares by

any one member shall be limited to 10 per cent. of the total share capital ; (2) each member shall have one vote only irrespective of the number of shares held ; (3) the shares may be of the nominal value of \$ 25 ; (4) the net earnings of a co-operative bank shall, after paying a dividend to the shareholders at the current rate of interest, be distributed among the patrons of the bank pro rata to their borrowings, provided, however, that if so agreed upon by the members, the distribution to patrons who are shareholders may be made at twice the rate at which distributions are made to non-shareholders.

The object of the last mentioned provision, as is pointed out in the Report, is to induce patrons of a co-operative bank to become shareholders in it, and it is, of course, with the same object that the minimum value of the shares is fixed as low as \$25.

The minimum capital required, however, is the same for a co-operative bank as for a capitalistic bank, namely \$10,000.

It is suggested in the Report that as any co-operative banks which might be formed would probably be small, the shareholders should be permitted to assume more extended liability than the shareholders in capitalistic banks, and, under Section 31 of the Bill, the members of a co-operative bank could assume unlimited liability, provided such a course were approved by a two-thirds majority of them.

It is evident that the members of the Commission see no reason for regarding the business of dealing in land mortgage loans, under the conditions which are found in the United States, as a field of activity in which it would be advisable to encourage the development of co-operative institutions at the expense of capitalistic enterprise.

It must be remembered, however, that it is proposed to allow co-operative mortgage banks to engage in a general banking business with and for their own members, and the Commissioners evidently expect that full advantage would be taken of such permission. In this connection they say : " This provision, were it enacted into law, will not confer the advantages of an unlimited Federal charter but it will give great encouragement and opportunity to the development of co-operative business organization among farmers. It is presented by the Commission as being the smallest advance which should be granted by the Federal Government at this moment to the new movement in the rural life of our Nation ".

The proposals which we have outlined above deal only with the problem of land credit as distinguished from agricultural credit. In an early number of the *Bulletin* we hope, with the further Reports of both Commissions before us, to return to a consideration of the whole question of financing agriculture in the United States.

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## Part IV: Miscellaneous

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### BELGIUM.

#### RURAL EXODUS IN BELGIUM.

by M. ROBERT ULENS, Waremmé.

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## § I. FORMS ASSUMED BY RURAL EXODUS IN BELGIUM.

The establishment of large industries led in the nineteenth century, especially in Belgium, owing to the facilities for transport, to a concentration of the population in towns or in the vicinity of workshops. Very often, however, this concentration of workmen only lasts during the hours in which they have to work and most of them afterwards return to rest in their homes in the country which they have not quitted. But it is none the less true that in this way a certain number of the necessary labourers are lost to agriculture.

M. Mahaim distinguishes four forms that rural exodus assumes: (1) 1<sup>st</sup>., Real concentration in towns, which is a form of permanent emigration: the peasant comes to settle in the town.

2<sup>nd</sup>., Seasonal emigration, especially of peasants, who leave their villages to pass one or more seasons in other districts, especially agricultural districts, and return to pass the winter at home. Thus, the Flemings of Campine and Flanders engage themselves every year for agricultural work in Hesbaye and France (2).

3<sup>rd</sup>., Weekly emigration of workmen who leave their homes from Monday to Saturday and, though they themselves work in factories, leave their families in the country.

4<sup>th</sup>., What has been called daily emigration, by a slight extension of the sense of the word emigration, and consists in the daily journey from the person's dwelling place to the place where he works.

The real drift to the towns is less marked in Belgium than in other countries. Still it must be owned that here also the attraction of the cities is felt and is no novelty. Besides, it is necessary that new blood should be regularly brought to the town from the country, otherwise the town populations would become anemic. And then, in the districts of high birth-rate, for example, Ardenne, those, who, owing to the large number of members in their family, cannot be employed in agricultural work, eagerly seek for situations as domestic servants and inferior employees in the Government Departments, in the capital and large towns. It must be noted, however, that very often the young people of Ardenne return to their country to marry, or at least the old return to pass their old age there.

To put difficulties in the way of this immigration would certainly not be serving the interests of the people, as is stated in one of the resolutions of the last International Congress of Agriculture. On the contrary, this mode of regeneration must be encouraged, but on condition of not endangering its continuance.

The emigration of the country population must in no case assume such proportions as to cause a diminution of the agricultural population

(1) Rapport sur les migrations intérieures. (General Meeting of the International Association for the Fight against Unemployment, Ghent, 1913) p. 2.

(2) EDMOND RONSE: *L'Emigration saisonnière belge*. Ghent, Het Volk, 1913.

properly so called. Certainly, that might lead to a temporary progress of industry and trade, but the future of the race would be seriously compromised (1).

Seasonal emigration is especially common among agricultural labourers and small farmers in districts where the land is largely subdivided, the population dense and there is less need of labourers; they emigrate to districts of extensive cultivation where labourers are few. Thus, many labourers and small farmers of our Flanders go to 27 of the French departments for the reaping or the sugar beet harvest. Thus also the labourers of Hageland and Campine do season work in the districts of extensive cultivation in Hesbaye and Condroz and we should not be at all surprised if the result of the employment of these migratory labourers were again to induce the last agricultural labourers remaining in these regions to emigrate to the industrial centres (2).

Considered only on its material side, doubtless seasonal emigration is an advantage for the labourer. The farmers told M. Rouse several times in the course of his enquiry that many labourers would not have enough to live on in the dull season unless they emigrated. The other agricultural labourers benefit by the situation: the number of labourers being reduced, by the action of the law of supply and demand, the wages rise (3). Needless to say, seasonal emigration renders the position of the farmers more difficult; at certain periods it draws away somewhat more than a fifth of the agricultural labourers, the result of which is a scarcity of manual labour and the necessity of substituting machine work for it. With regard to the physical and moral results, we shall say with M. Ronse, "that this excessive hard work, together with the unsatisfactory conditions of their life — without sufficient wholesome food or healthy lodgings — necessarily exhausts the labourers. Fortunately, their work is in the open air and, on returning to their country, the hardy Flemings soon recover from their fatigue and recommence their hard work. Nevertheless, some enfeeblement of their constitutions is to be feared, it may be a certain degeneration of the race. . . . It is true that the morality of our emigrants has a safeguard in the isolation in which they live. However, the view of French life, too careless

(1) *Agriculture. Questions du jour, Compte rendu du X<sup>e</sup> Congrès international tenu à Gand 1913*, pg. 320.

(2) Many farmers, says M. Laur, without reference to any special district, finding labourers becoming scarcer and scarcer and wages rapidly rising, have had recourse to the engagement of migratory labourers. They have for a while supplied the want, but the result has been to induce the remaining local labourers to leave the country for the towns. Not only were the labourers of the locality affected by the fall in wages, the unfailing result of the first employment of migratory labour, but their social position seemed to suffer when they were obliged to work with foreigners, far inferior to them in education. The influence of the migratory labourers has, in many cases, determined more than one, who still hesitated, to change his occupation. (Reports of the 1st. Section of the 10th. International Congress of Agriculture, Ghent, 1913, p. 55). Amongst the season labourers must be ranged the Belgian wood-cutters who work in winter in the forests of French Ardennes.

(3) RONSE, *op. cit.*, p. 203.

of laws our Flemings are accustomed to observe strictly, has often a sad effect on the morality of our labourers. They, above all the young, suffer thereby; besides, the stoppages made from their earnings and the temptations of the city often end by corrupting them before their return" (1).

The daily and weekly migrations are of by far the greatest importance in Belgium. "On an averages," says M. Mahaim (2), "out of 495,000 persons, travelling daily on the State Railways, 214,531 travelled at reduced rates. This is 43 % of the total number of travellers. From 5,944,794 in 1908 the number of weekly season tickets increased in 1911 to 7,111,327, of which 5,735,440 were issued for one forward and return journey per day, either for six or seven days in the week, and 1,343,046 for one forward and return journey per week. An examination of the records and the partial returns have led M. Mahaim to the conclusion that, in 1911, 350,000 workmen engaged in private factories had season tickets. This is about one fifth or a quarter of the working population" (3).

The same author has prepared a special return of the occupations of the season ticket holders for two months of 1906; he concludes that:

- 10 % were miners.
- 30 % were general factory hands.
- 15 % were workmen engaged on buildings.
- 16 % were navvies and labourers.
- 19 % were other workmen.

This means, he says that most of our migratory labour is unskilled. This is further shown by the geographical distribution of the season tickets from which we see that most are issued in the poor agricultural districts of the two Flanders, Campine and South Brabant, whence there are large numbers of labourers to be obtained. (4)

The season tickets for daily journeys especially deprive agriculture of the labourers it might have need of at certain moments. How is it then that, while there is generally a dearth of agricultural labourers, rural workmen are every morning or evening leaving their homes in the village for the workshops of the large centres and only return to their families for a few hours a day at most, for their well earned rest?

And in this connection let no one tell us of the attractions of the towns; many weekly ticket holders barely know the locality in which they work and their families never set foot there.

Why then do they leave the land?

(1) RONSE. op. cit., p. 205.

(2) Report quoted, page 5.

(3) " " " 6.

(4) " " " 7.

## § 2. CAUSES AND EFFECTS OF THE RURAL EXODUS.

The first reason is that the land has no work to offer them. If there are moments in the year when the want of labourers is felt, there are others, especially in winter, when many agricultural labourers are unemployed; the small industries carried on as auxiliaries to agriculture have almost disappeared; the agricultural distilleries have been stopped; the labourers leave the village because the manufacturers give higher wages and also, as we have said, because some of them hope to form by means of their work in the factories the little capital they require in order to establish themselves one day.

On the other hand, the sugar refineries, which formerly provided work for unoccupied agricultural labourers during a large part of the winter, now manage, with their improved equipment, to finish their work in eight or nine weeks. Let us add that cattle grazing sometimes takes the place of agriculture and has need of fewer hands.

Some also abandon agricultural labour because work in the factories makes them more independent of their relations — they thus escape all supervision and enjoy the whole of their wages (1) — because the factories give some holidays, whilst in the country there is a class, that of servants in the farm houses, whose work does not stop even on Sundays, and then there are the pleasant meetings with companions on the way to the yards or the workshop; let us add, as we have written above, that at certain moments many rural labourers can find no occupation in the country. They therefore, greedily seize the chance offered them by the labourers' season tickets, to go and earn good wages for some weeks in a factory. How dependent on the season is the nature of this daily emigration is shown by the statistics of season tickets issued in the last three weeks of April and the first week of May, 1913. April is a period of hard work in the country: that of the planting of potatoes, of the preparation of the soil for beetroot and the sowing of the same; the first part of May, on the contrary, is a period of repose. The sowing is finished, but the grain has not yet sprung up. From 107,561 season tickets between April 13th. and 19th., the number increased to 115,120 between April 20th. and 26th., to 138,959 between April 27th. and May 3rd. and to 146,192 between May 4th. and 10th. (2).

As M. Mahaim says (3) there is only a small minority of constant travellers going backwards and forwards daily or weekly and the large majority of labourers holding season tickets is made up of occasional travellers. The same author distinguishes six types among these, namely: 1st., the oc-

(1) Cf. Reports of the 10th. International Congress of Agriculture, Brussels, 1913, p. 128.

(2) The general strike, which lasted officially from April 14th. to 28th., 1913, had, it seems to us, very little effect on the labourers' season tickets. It took place at a time when many of the migratory labourers were living at home and it scarcely prevented their resumption of work, when the field work was done.

(3) Report quoted, p. 6.

casional factory hand from the country who only travels because the country does not yield him enough to live on, but returns thither as soon as he can : 2nd., the industrial workman living in the country and leaving it daily, who will not again return to work there, but whose home remains in the village ; 3rd., the half-agricultural, half-industrial workman, who travels in winter, but continues to cultivate a piece of land, to which he gives his time and the necessary attention, at convenient moments ; 4th., the workman by profession, detached on service by his master for work at a distance, and not an emigrant at all ; 5th., the half expatriated, that is, the workman who leaves home week by week and is only attached to the village by a very feeble tie and often ends by removing from it completely ; 6th., finally, the town workman who returns to the country, deliberately separating himself from the urban or industrial mass, so as to have a healthier and cheaper home (1). The daily emigration has certainly its good side ; the workman gets better wages, but it would be a mistake to imagine his position as far more advantageous than that of the agricultural labourers remaining at home. The railway fare is, it is true, ridiculously low, as the season ticket makes the daily forward and return journey only cost 1 fr. 50 per 20 kms., and 3 fr. 15 for 100 kms., but expensive habits are contracted and, in the end, the net profit is less than if the workman had contented himself with modest wages in the country. The industrial workman has more spare time than the agricultural labourer, but this is not true in the case of the daily emigrant who, when his town companions have finished their work and return to their homes, has still, sometimes, in addition to his railway journey, a long distance to walk to his house.

From the moral and intellectual point of view, town residence has its advantages, but again the daily emigrants do not enjoy these.

The disadvantages of rural exodus, it is not to be denied, are very many ; for those leaving the village with no hope of return there are all the drawbacks of congested cities, the housing difficulty... (2) ; for those who come to the towns for the day there is unaccustomed debilitating work, there are long and uncomfortable journeys. Workmen who, on account of the distance of their homes from their place of work only return there once a week, and are separated from their family during that time, sometimes communicate to them the most serious diseases. In the Liège valley, neo-malthusianism has made very great way and finds active apostles among the migratory labourers of certain agricultural regions.

The fatal consequences for rural economy of the dearth of labourers is above all felt in the neighbourhood of towns and industrial centres. " Were it not for the Flemish season labourers," said a Walloon farmer, " we could not go on farming. " Some farmers have been obliged to a cert-

(1) Mahaim, Report quoted, pag. 7.

(2) See PHILIPPEN and F. MATHEUSSEN : *Het vraagstuk der Stadsinwoonij*. Brussels, 19 rue des Paroissiens, 1913, page. 26.

ain extent to give up the improvement of horses and cattle, on account of their difficulty in obtaining men and women farm servants. This state of things is nothing new. It would be well, we read in the *Exposé de la situation administrative de la province de Liège* (Report on the Administrative Situation of the Province of Liège) for 1861, to get good mowing machines, for labourers are becoming very scarce, above all in the vicinity of the town of Liège, as they are attracted away by the higher wages the factories offer for less fatiguing work. The high rents and the rise in wages for every kind of work, render the position of the tenant farmer very difficult, intelligent labourers abandon the farms and, if this goes on, there will only remain the unskilful, which would damage agriculture very considerably. Maid servants and dairy maids are even fewer; they prefer to go to Liège where they easily find engagements as domestic servants.

Much complaint has been made in agricultural circles against the grant of tickets for labourers at reduced rates on the State railways and these complaints found expression at one of the meetings of the National Congress of Agriculture held at Namur in 1901. We are convinced, as we said above, that the daily or weekly migrations have many disadvantages for the labourers, but we have to recognise the fact that rural exodus reaches its height at the moment when agriculture employs the smallest number of hired labourers possible. Were it not for these facilities for travelling, our labourers would have no food or our country districts would be depopulated, the labourers establishing themselves permanently, as the French labourers have done, in industrial districts, to their very great physical and moral detriment. The facilitation of travelling has been an advantage both for those who remove to a distance and for those who remain working on the farms. In order to keep their labourers, those farmers who were in a position to do so have raised their wages and, it must be recognised, there was certainly no harm in this.

There can be no question of suppressing the labourers' season tickets, when the labourers cannot find work in the country under favourable conditions. If the reduced railway rates have facilitated rural exodus, they have not caused it; the fact that countries, which have not, like ours, provided railway tickets at reduced rates, have all the same suffered more from the desertion of the country, amply proves this; and in addition these reduced tickets are now a recognised institution with us. But investigations might be made to see if it would not be possible to restrict the application of the reduced rates to journeys of a certain number of kilometres and if it were not better for workmen who live too far from their work to come nearer to it, establishing themselves either in the town or in a suburban neighbourhood, rather than to go on making these exhausting journeys. In fact there are many of these migratory labourers who no longer live the life of men; not only is their work hard, but they are materially unable to enjoy more than three or four hours sleep.

## § 3. THE REMEDIES.

What remedy is there then? How shall we keep the labourers in the country? Let us first of all say that everything which can contribute to the greater economic and social comfort of the agricultural labourer, as well as to his moral welfare will tend to moderate the rural exodus. We are convinced that we can only keep the labourers in the country by improving their position and rendering it, taking all the circumstances into consideration, as enviable as that of the industrial labourers; the farmers must be in a position, at least, at seasons of intense agricultural labour, to pay as good wages as the factories offer. The gains being equal, the workman will often prefer field labour; he will still have the possibility of returning temporarily to the workshop for the period of agricultural unemployment. But, in order that the tenant farmer may fulfil his whole duty towards his employees, the landowner must be moderate in his demands. The one remedy, the Marquis Imperiali said, in which all others are included, is to work for the prosperity of agriculture, so that it may be able to pay strong men as well as most of the industrial establishments do. Then, passing on to remedies rather of a moral order, he advocated notably:

(a) That practical instruction in everything relating to country life should be made general. Encourage, said he, the foundation of professional schools of agriculture in the villages, teach the young men and women labourers to love country life, by means of lectures, courses for adults, etc. (1). Let it be known that, if higher wages are paid for industrial work, the life in the country is far cheaper and above all the health of the men, women and children, better in the open air than in the small lodgings they would have in the towns. Let us add for our part, that efforts should be made to combat the labourer's love of change — in fact, he often leaves a master without knowing why — and also it is necessary to give some attention to the æsthetics, or, in case this word alarm anyone, carefully to see to the cleanliness of the villages. In order to keep the labourer in his hamlet, we must make his residence agreeable, and, before anything else, obtain comfortable lodgings for him (2).

(b) Good agricultural masters must be trained and recommended to be gentle in their treatment of their labourers so that the latter may be happy on the farms on which they live, well treated and not unnecessarily made to do extra work.

(c) Finally, the chief point is the encouragement of small farms. Arrange, wrote the Marquis Imperiali, that every labourer may be able to lease from 50 ares to 2 hectares, that the farmer may provide his labourers with horses so that they may plough and cultivate their land and let the labourer be able to keep a cow and a pig; encourage the building of

(1) Cf. *Comptes Rendus du Xe Congrès International d'Agriculture*. Ghent, 1913, p. 127.

(2) Cf. Dr. LABAT: *La vocation paysanne*: *Rev. des Deux Mondes*, 1912. The author especially insists on the necessity of preserving the mental attitude of the country folk.



workmen's houses with small stables. If the landowners will not sell the land required, let them build the houses themselves and lease them, at extremely low rates, to labourers who engage to work the whole year on their farms (1).

Experience has shown that almost everywhere where the remedies advocated by the Marquis Imperiali have been applied, there has been an appreciable arrest of emigration. Where the tenant farmers are in a position to give their labourer suitable wages, where they reserve some of the winter work for them, especially threshing, where season labour is given to permanent labourers by contract and on remunerative conditions, labourers are less scarce than formerly. In the same way, in those parts of the country where the landed proprietors have subdivided their farms, small farms are again thriving and there are few labourers who are not also small farmers. This may perhaps, in the long run, lead to the disappearance of the large farms and their transformation into small holdings worked by the farmer's family alone, but it will preserve the necessary labourers for agriculture, and that is the essential point.

At present the large farmers show themselves too greedy of their land: there are districts, where they will not allow labourers to have the lease of the smallest parcel awarded to them at public auctions, though the land so leased generally belongs to charitable institutions, homes or benevolent foundations. And yet have not the poor the first claim to benefit by the wealth bequeathed after all for their good? The large landlords who subdivide a portion of their land and thus enable workmen's families to live in the country, at the same time render the large farmers a service. "The landlord will find it greatly to his advantage to have round about each large farm four or five small ones the occupants of which will work on the large farm. The large farmer will find in them a nucleus of four or five labourers. It will be a great advantage to him and consequently to the proprietor." (2). M. Emile Tibbaut, in an article published at the end of 1912 in *La Belgique artistique et littéraire*, compares three large communes in Flanders, Overmeire, Calcken and Loochristy from the point of view of rural exodus. While the population of the two former is diminishing, that of Loochristy, a village near Ghent, however, where the farms are quite small, is continually increasing (3). Horticulture, which is carried on in this commune and market gardening carried on in the villages not too remote from the large towns, employ a very large number of labourers on a very limited area, thus contributing to reduce the rural exodus considerably. With regard to home industries, they are only useful, from the agricultural point of view, when they are limited to certain seas-

(1) *Compte rendu de la 39<sup>e</sup> Assemblée générale de la Fédération des Cercles catholiques*. Brussels, Mommens, 1908, page 20.

(2) Speech of M. Joly at the General Meeting of the Federation of Catholic Clubs 1908. Report above quoted.

(3) See also *le Patriote*, of January 17th., 1913.

ons, and only employ the labourer when not occupied in field work, or in the evening; unhappily all of them or almost all have disappeared.

Clearings properly carried out might give a value to land now waste and keep persons in the country who are now obliged to seek their livelihood elsewhere. Praiseworthy efforts have been made in this direction. Finally, the constant residence of the landed proprietors in summer and winter would also have a salutary effect. It is a certain fact, said M. August Roberti at the Wareme Meeting, that in the communes where the landed proprietors live on their estates the whole year, this exodus of labourers is scarcely observable. The resident landlord takes a far greater interest in his property and, above all in winter, when the work ceases on other farms, he has many works of improvement, such as planting, draining, etc. carried out.

Let us say in conclusion, although this is no part of our subject, that measures should be taken for the moral protection of the emigrants, both those who establish themselves permanently in the towns and those who make use of the labourers' trains (3). The morality of our country people, which has remained so far good, must not suffer too much from their coming in contact with the population of the industrial centres.

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(3) See the Report of PHILIPPEN AND MATHEUSSEN.

## JAPAN.

### THE RECENT LAND TAX REFORMS.

#### OFFICIAL SOURCE :

NIHON NO KOME (*Japanese Rice*). Department of Agriculture and Commerce. Tokio, 1909.

#### UNOFFICIAL SOURCES :

DEMBATA CHISO NO DAI-NI-SHI KEIGEN. (*The Second Reduction of the Land Tax on Grain Fields and Rice Fields*) From the "Tôkyô keizai Zasshi", February 21st., 1914. N<sup>o</sup> 1,737, Tokio.

CHISO JÔREI-CHÛ KAISEI-AN NO KAKETSU (*Approval of the Bill for the Amendment of the Law on the Land Tax*). From "Tokyo keizai Zasshi" of February 21st., 1914, N<sup>o</sup> 1,737. Tokio.

During the last few months in Japan there has been a constantly increasing movement in favour of a reduction in the taxes by which the country is over burdened. Already taxes on the importation of cereals, and on business undertakings have been diminished. Also the land tax has been reduced, and with this we shall now deal.

In the number of this *Bulletin* for October, 1913 we spoke at length of the fiscal burdens on landed property in Japan. The recent amendment of the land laws, which has been approved by Parliament, now requires our consideration. We shall give the whole bill, introduced by a private member, just as it was brought before Parliament.

Art. 1st. — The first paragraph of art. 1, of the law on the land tax is amended thus : instead of the words " The tax on grain fields and rice fields is calculated at 4.7 % of the official value of the property," read " The tax on grain fields and rice fields is calculated at 4 % of the official value."

Art. 2nd. — The second paragraph of art. 1, of the law on the land tax is amended as follows : Instead of the words " 3.4% of the official value of the land," read " 3 % of the official value of the land."

Art. 3rd. — The present law is to come into force on September 1st., 1914.

Let us observe particularly that art. 1st. of this bill refers to land in Japan properly so called, while art. 2nd. refers to land in Hokkaido. Thus, the difference between the fiscal charges on land in the mother country

and the colonised parts of the island of Yezo, pointed out in our article already mentioned, is still maintained. The diminution would therefore be 0.7 % in Japan proper and 0.4 % in Hokkaido.

There was much opposition to the bill in Parliament; the arguments against it being chiefly the following:

1st. — The fiscal charge on landed property is one of the least burdensome in Japan and one of the most profitable to the public treasury:

2nd. — The reform of land taxation, as proposed by the bill, would cause a decrease of revenue of about 8,500,000 yen (about 22,000,000 francs) and such a reduction should not be agreed to considering the present state of the finances and the urgent needs of the political and economic situation of the country. In support of these views, the following statistics were brought forward, showing the amounts obtained by the tax before the proposed reform:

Ground Built on:	2.5%	<i>ad valorem</i>	} for Japan proper, excluding Hokkaido
Grain Fields and Rice Fields:	4.7%	»	
Other Land	5.5%	»	
Grain Fields and Rice Fields:	3.4%	»	} for Hokkaido.
Other Land:	4.0%	»	

The amount raised by this tax was calculated, in the Estimates for 1912 and 1913, as follows:

Rice Fields	}	Japan proper, Okinawa and the Seven Islands of Izu . . . . . yen	46,778,404
		Hokkaido . . . . . »	14,014
		Total . . . yen	46,792,418
Fields not Irrigated	}	Japan proper, Okinawa and the Seven Islands of Izu . . . . . »	10,312,582
		Hokkaido . . . . . »	56,502
		Total . . . yen	10,369,084
Ground Built upon	}	Japan proper and Okinawa . . . . . »	15,902,272
		Hokkaido . . . . . »	303,146
		Total . . . yen	16,205,418
Other Land	}	Japan proper, Okinawa and the Seven Islands of Izu . . . . . »	1,711,220
		Hokkaido . . . . . »	42,836
		Total . . . yen	1,754,056
		General Total . . . yen	75,120,976

It is to be observed, however, that of this total amount, 57,161,502 yen are derived from the tax on the rice fields and other fields (46,792,418 yen from the rice fields, and 10,369,048 from the fields not irrigated). The bill reducing the amount of the tax on the grain fields and rice fields reduces the total amount of the tax by 65 %.

To calculate how great would be the reduction in the eventual application of the bill, we must know, at least approximately, the *official* value of the land that can be taxed. We may find this *official* value from the rate of the tax itself with sufficient exactness by capitalising the amount produced by the tax. Thus:

(A) For Japan proper, Okinawa and the seven Islands of Izu :

(a) for rice fields: receipts from the tax, yen 46,778,404, which sum, capitalised at 4.7 %, represents about 995,000,000 yen.

(b) for other fields; amount of tax, yen 10,312,582, which, capitalised at the same rate, represents about 219,000,000 yen.

(B) For Hokkaido :

(a) for rice fields, tax receipts 14,014 yen, which capitalised at 3.4% represent about 412,000 yen.

(b) for other fields: tax receipts 56,502, which, capitalised at the same rate, represent about 1,660,000 yen.

From what has been already stated, it may be deduced that the approximate *official* value of the grain fields and rice fields (exclusive of Hokkaido) is about 995 + 219 millions of yen, that is, 1,214,000,000 yen, and that the approximate *official* value of the grain fields and rice fields of Hokkaido is about 412 + 1,660 thousands of yen, that is 2,072,000 yen.

It is thus very easy to calculate the amount of the land tax as modified by the bill. The grain fields and rice fields of Japan proper and of Hokkaido taxed under this bill at 4 % and 3 % respectively, would give the following return :

(A) Japan proper, Okinawa and Seven Islands of Izu: 4 % on 1,214,000,000 = 48,560,000. Preceding receipts 57,000,000. Reduction 8,440,000 yen.

(B) Hokkaido: 3 % on 2,072,000 yen = 62,160 yen. Preceding receipts 70,516. Reduction 8,356 yen.

The whole of the diminution obtained according to the bill, would then be, said its opponents, about 8,500,000 yen, a reduction which the Japanese treasury could not support.

As to the other point, that the fiscal charges on landed property are among the least heavy taxes in Japan, the opponents base their statement on the contrast between the present taxation and that to which the Japanese population was subjected for ages, that is, payment in kind. This payment in kind, according to the most reliable statistics, was as follows in the years shown below:

1837 . . . . .	12,174,629	<i>koku</i> (1)	1873 . . . . .	11,239,712	<i>koku</i>
1871 . . . . .	12,549,354	»	1874 . . . . .	10,745,982	»
1872 . . . . .	12,135,195	»	average for last 3 years.	11,373,630	»

(1) *Koku* = hl. 1.8

The average prices of rice at the Exchange of Tokio during the years 1872-73-74, were respectively 3.88, 4.80 and 7.28 yen per *koku* (1).

The average price for the three years was therefore 5.32 yen per *koku*. The average for the three years of the tax in kind having been 11,373,630 *koku*, it follows that this tax in kind corresponded to a tax in money amounting to 60,500,000 yen. At present the price of rice is generally about 22 yen per *koku*, and the opposers of the reduction of the land tax say that if paid in kind it might produce about 250,000,000 yen. The tax at present only produces 75,000,000, not more than one third of what it produced, in the first years of the Restoration. This reasoning, if arithmetically correct, is yet somewhat defective, because it takes no account of the other fiscal burdens on land in particular, and on the country in general, nor yet of the necessity for stimulating agriculture to the utmost, for in this way alone can the economic equilibrium of the country be restored.

In any case, the Parliamentary Commission to which the bill was submitted, while agreeing to the reduction of the tax, could not consent to approve the bill in its entirety, as the moment seemed unfavourable for reducing the income of the State by 8,500,000 yen. But the bill was amended so as to diminish the actual fiscal burden on landed property by 0.2% for grain fields and rice fields for Japan proper, as well as for Hokkaido. With this alteration, the bill was approved in the session of the 17th. February so that the land tax is at present 4.5% on the grain fields and rice fields of Japan proper, the *Ken* of Okinawa and the Seven Islands of Izu and 3.2% in Hokkaido.

The effect of this diminution on the revenue may be easily calculated. For Japan proper, for Okinawa and the Seven Islands of Izu, the receipts will amount to 4.5% on 1,214,000,000 yen, that is 54,630,000, instead of 57,000,000, a diminution of about 2,370,000.

For Hokkaido the receipts will be 3.2% on 2,072,000 yen, that is 66,300 instead of 70,516, a diminution of about 4,200 yen.

This reform will cost the Japanese treasury in all about 2,500,000 yen (6,450,000 francs).

Will this loss be compensated by the real advantage which the agricultural population in Japan will derive from a reduction of the tax by 2 per 1,000? There is more than reason to doubt it. In any case it must be observed that this reform, coldly received as it was by the very classes who were to have derived benefit from it, was energetically opposed by eminent economists.

(1) Compare the data published by the Department of Agriculture and Commerce at Tokio in the pamphlet entitled *Nihon no Kome* (Japanese Rice) pages 39 et seqq.

## MEXICO.

### THE LAND QUESTION IN MEXICO AND THE PROPOSALS OF THE NATIONAL AGRICULTURAL COMMISSION.

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ANUARIO ESTADÍSTICO DE LA REPÚBLICA MEXICANA 1907 (*Statistical Yearbook of the Mexican Republic, 1907*) Mexico, 1912.

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- STATESMAN'S YEARBOOK FOR THE YEAR 1913. London, Macmillan and Co. 1913.
- BOLETINES DE LA CAMARA AGRÍCOLA NACIONAL JALISCIENSE (*Bulletins of the National Chamber of Agriculture of Jalisco*).
- EL ECONOMISTA MEXICANO (*The Mexican Economist*).

Mexico has always been renowned for its extraordinary wealth in precious metals. From age to age stories have been handed down, even to our own days, of the galleys laden with gold and silver which have crossed the ocean to swell the treasures of Spanish monarchs. But, notwithstanding the vast mining products of the country, the chief source of riches in Mexico is to be found in agriculture. A country with such rich and easily cultivated soil and every description of climate and every vegetable production is necessarily adapted for that pursuit.

Notwithstanding this, Mexican agriculture has not been developed as it ought to have been under such favourable conditions. The reasons are many and complex, but the chief is the greed with which the mines were worked under the Spanish rule, causing the complete abandonment of agriculture. The second reason is the long succession of conflicts and intestine wars, continuing without interruption from the time of the proclamation of independence until the coming of Señor Porfirio Díaz, which unfortunately have again broken out recently.

Other causes may be mentioned, not less important, especially the rudimentary character of the methods employed, the scarcity of labour, and the defective distribution of landed property.

The agricultural question in Mexico and the social unsettlement to which it gives rise have long been a cause of anxiety to the authorities.

A national agricultural commission was recently appointed to consider the subject and to propose measures for the solution of the difficulties.

Before we relate the conclusions of this commission, we propose to follow the method adopted in our articles on other Latin-American countries, that is, briefly to examine the geographic and economic conditions of Mexico, to give some idea of its agricultural wealth and of the prospects of agriculture and to consider the principal questions connected therewith, especially that of colonisation.

## § I. SOME REMARKS ON THE GEOGRAPHICAL, AND ECONOMIC CONDITIONS OF MEXICO.

I. *Geographical Conditions.* — The configuration of the soil of the Mexican territory, which covers an area of 1,987,201 sq. kms., is most characteristic. From the low lying and sandy coast line, the ground



gradually rises to a vast plateau interrupted by mountains of a height varying from 1,200 to 2,400 metres above the sea.

This special configuration causes extraordinary differences in temperature and in climate. It is usual to divide the country, with regard to climate, into three regions, the *warm*, the *temperate* and the *cold*. The *warm* region extends from the coast to an altitude of 900 metres; the mean annual temperature is from 26° to 31° Centigrade, and the maximum from 37° to 39°. In this region the winter climate is delightful; however, north winds blow at intervals, and in a few hours reduce the temperature by 10 or 20 degrees.

At 900 metres above sea level the *temperate* region begins, extending to an altitude of 1,980 metres, with an annual mean temperature of from 22° to 25° C. and the variations in a season are never more than from 6° to 8°. This region has the best climate in Mexico; ice is unknown, nor is there excessive humidity, and there are no noxious insects, nor sudden changes of temperature.

The *cold* region, cold in contrast to the heat at the coast, is found between heights of 1,980 and 3,810 metres, the snow level in the tropics. The mean temperature is from 14 to 16° with some slight variations; sometimes, in winter, when the north wind prevails, there are light falls of snow in the city of Mexico and the thermometer goes down to 5° or even to 2°. At Toluca and other places in the highest mountain districts the temperature sometimes goes down as low as — 5°.

In the territory of Mexico, extremely unequal in level, are many chains of mountains with enormous mineral treasures.

We may mention the great Sierra Madre of the Pacific, and the Sierra Anahuac with the eminent peaks of Popocatepetl (5,410 metres) and Ixtacciatl (4,900 metres).

In the whole country there is no great permanent water-course and the great variations in level of the beds of the rivers in general are unfavourable for navigation. On the other hand, the waterfalls caused by these conditions furnish immense motor power, which may greatly favour the industrial development of the country and its agriculture. And these same conditions favour the formation of ponds and artificial lakes for irrigation purposes. The most important rivers in Mexico are the Rio Grande, the Rio Lerma, which forms the cascades of Junacatlan, called the Mexican Niagara, utilised by the *Cotton Manufacturing Company* and by the *Electric Works of Guadalajara*. There is also the Rio Atoyac, of which the seven falls give a total of 23,000 horse power.

Mexico is divided politically into one federal district, 3 territories and 27 States. Of the states that of *Jalisco* is looked on as the granary of the Republic on account of its immense cereal crops, *Morelos* grows the greatest quantity of sugar cane, *Chihuahua* is noted for livestock improvement, *Veracruz* for the cultivation of tropical plants, *Durango* for the cotton of Lagunas. The most important industrial centres are *Orizaba*, *Puebla*, *Monterey* etc.

2. *Population.* — According to the latest census (1910) the population of the Mexican Republic had risen to 15,160,369, or to 7 or 6 inhabitants per square km. It is, thus, the most densely populated of all the Latin-American republics; in 1910 it had only 13,607,259 inhabitants; in the following ten years therefore the population increased by 1,553,110, thus by 11.4 %. In 1910-11 79,484 emigrants entered the country.

Approximately 20 % of the people are of the white race, 43 % are half castes and 37 %, Indians. When Mexico was only a colony, the white race was a privileged class, but since it has been a republic, there is complete equality for all, whites, half castes and Indians. Yet, from the social point of view, the ruling class are the whites and half breeds, the middle classes consist of the same with a small admixture of Indians and the lowest class chiefly consists of half breeds and Indians. The latter, though possessing excellent qualities, have not progressed in civilisation, partly from want of instruction, and partly from their drinking habits.

3. *The Bases of the National Economy: Mines and Agriculture.* — We have already spoken of the great mineral wealth of the country, which, however, is not so great as that to be obtained by agriculture.

We shall see farther on that agriculture is as yet in an undeveloped condition, in comparison with what it should be. Notwithstanding this, the annual production is from 350 to 400 millions of pesos (1). The Mexican sub-soil contains the greatest varieties of minerals. A few figures will give an idea of its treasures.

In 1910, there were in the whole territory 31,155 mines; of these 1,871 were of gold; 5,668 of silver; 9,425 of both gold and silver, 3,213 of gold, silver and copper; 1,874 of silver and copper.

Mexico is, *par excellence* the land of silver; it is, as Humboldt said, " a silver slab which the Creator let fall on our globe". It has been calculated that the yield of silver, from its first extraction up to 1910, was about 150,000,000 kgs. In 1911-12 the amount was valued at 89,664,665 pesos. Since the enormous fall in value of this metal in 1894, year by year the output of gold has increased through the employment of modern methods, such as hydro-electric machinery etc. In 1911-12 the value of the gold produced was 48,586,965 pesos.

In 1911-12 the total mineral production of Mexico was valued at 209,781,343 pesos.

The state of Hidalgo with the famous mines of *Pachuca* and *Real del Monte* takes the first place as a silver producer. Durango possesses the celebrated silver mines of *San Dimas*, *El Pilar* etc.... Chihuahua has always been considered the State richest in mineral wealth.

For gold, the most important States are Sonora, Lower California, and Guerrero. The most important gold mines are those of *Dos Estrellas* and *Bolero*.

(1) The legal value of the *Mexican peso*, since the monetary reform of 1905, is frs. 2.58. During the second half of 1913, its value fell to fr. 1.80, in consequence of the disturbed state of the country.

Besides metals, Mexico possesses important beds of combustible minerals. In the State of Puebla numerous coal mines are worked. In Veracruz, Tamaulipas, Michoacán, Hidalgo and Oaxaca there are extensive beds of coal and lignite. The principal coal region is to the north east, partly in the State of Coahuila, partly in that of Tamaulipas, with an area of 28,000 square kilometres.

The working of the petroleum fields had scarcely commenced when it assumed great importance. Petroleum is found in the states bordering the Gulf and in the south.

Various societies work the petroleum deposits on a greater or lesser scale. Chief among these are the *Compañía Mexicana El Aguila* and another which may be considered as the agent of the famous "Standard Oil Company".

4. *Industries.* — The commercial policy of Spain, and the frequent conflicts and revolutions could not but be unfavourable to the development of manufactures and those existing are of recent date. Of the most successful, the first place may be accorded to textile industry, which has become very important, especially of late years. In 1911, there were 145 factories in various parts of the country, employing 32,147 hands and manufacturing 36,000,000 kgs. of cotton. The fabrics produced are of a cheap quality much used by the natives, and are chiefly counterpanes and printed calicos. The total production in 1911 was 15,090,669 pieces of cloth and 2,706,973 kgs. of cotton.

In the same year there were 351 tobacco factories and 1,543 distilleries of different classes. Woollen and silk manufactures are also being developed. Manufacture from metals has made but little progress considering the mineral wealth of the country.

5. *Commerce.* — We know that Spain, desirous to reserve all the commercial profits of her over sea possessions to herself, absolutely forbade them to trade with other nations. But at the close of the XVIII<sup>th</sup> century, all obstacles to foreign trade were removed by a decree of Charles III. Yet the commercial life of New Spain did not commence before 1877, when intestine contests and foreign intervention had entirely ceased, and peace permitted the natural development of the marvellous resources of the country.

To give the reader an idea of the growth of Mexican commerce, we subjoin a table giving figures for the financial years 1901-02, 1906-7 and 1911-12 ;

	1901-02	1906-07	1911-12
Importation (pesos) . . . .	151,280,482	232,229,578	182,662,311
Exportation (pesos) . . . .	171,776,449	248,018,010	297,989,129
	323,056,931	480,247,588	480,651,440

In 1911-12 the imports were as follows :

	Pesos
Vegetable products . . . . .	31,285,563
Mineral products . . . . .	46,711,978
Manufactured tissues . . . . .	21,281,571
Machinery and appliances . . . . .	23,383,811
Animal products . . . . .	16,466,311
Chemical products and medicines . . . . .	12,074,088
Alcoholic drinks . . . . .	6,744,083
Paper etc . . . . .	5,120,770
Various . . . . .	19,594,131
Total Imports . . . . .	182,662,311

Mexico imports chiefly from the United States of America (98,425,673 pesos); Germany (23,845,218 pesos); Great Britain (21,506,307 pesos); France (15,618,256 pesos) and Spain (5,900,434 pesos).

For the above financial year the exports may be classified as follows :

	Pesos
Mineral products . . . . .	186,206,803
Vegetable » . . . . .	83,586,951
Animal » . . . . .	19,861,196
Manufactured » . . . . .	6,603,577
Various . . . . .	1,730,602
Total Exports . . . . .	297,989,129

The chief markets for Mexican exports are the United States (244,103,220 pesos); Great Britain (40,198,656 pesos); Germany (10,316,730 pesos); France (8,329,821 pesos) and Belgium (6,354,644 pesos).

6. *Communications.* — The period when the formula prevailed “ Between strength and weakness keep the desert ” having passed away, the Governments have endeavoured, since the time of Porfirio Diaz, to cover the country with an extensive net-work of railways. This has been accomplished with the help of foreign capital, the concession in return of special facilities, and subsidies of between 6,000 and 10,000 pesos per km., according to the difficulty and expense of construction.

Three great lines lead to the United States, the Central line by El Paso, the International line by Eagle Pass, and the National line by Laredo. These three lines put the city of Mexico in connection with the north. The capital communicates with Veracruz by means of the Inter-oceanic railway and the Mexican railway; with Oaxaca by the southern line and with the Pacific by a branch line, Trapatu — Guadalajara — Manzanillo. The *Southern Pacific Railway* is another very important line, going from Guaymas to Mazatlám.

The coasting trade is not important. Communication between the ports on the Gulf is maintained by the "*Compañía Mexicana de Navegación*" and between the Pacific ports by the *Compañía Naviera del Pacifico*.

7. *Finance and Banking*. — During the fiscal year 1911-12, the public expenditure was 103,602,401 pesos, and the revenue 103,557,000 pesos. In 1911 the reserve in the Treasury was 62,483,119 pesos.

The interest on the National Debt in 1912-13 was approximately 25,804,615 pesos.

As the special law with regard to credit allows the foundation of banks of issue in each State, capital turns to this form of enterprise. This accounts for the existence in 1911 of 24 banks issuing paper money. Also, at the same time there were three mortgage banks and six credit banks, (*refaccionarios*). These 33 establishments had a total capital of 178,600,000 pesos; 56,972,025 pesos in gold, 33,058,815 pesos in silver etc., and 7,052,990 pesos in paper. The reserve amounted to 61,842,047 pesos.

Amongst the most important of these banks is the *Banco Nacional* with 32,000,000 pesos of capital, the *Banco Central Mexicano* with a capital of 30,000,000, the *Banco de Londres y Mexico* with a capital of 21,500,000 and *Banco Mexicano de Comercio e Industria* with a capital of 10,000,000 pesos.

## § 2. AGRICULTURAL PRODUCTION.

"Two million square kilometres; every variety of climate from temperate to tropical; a particularly rich and deep soil, a surface which facilitates the accumulation of water and its dispersion over the land; fields wonderfully suited for the most varied production from that of cereals to that of sugar cane, cotton, tobacco, vanilla, cacao, india-rubber, and *magueys*; rich pastures....."

The above is quoted from the brilliant sketch of agricultural Mexico, by M. Bigot in his remarkable book, "*Le Mexique Modern*" (*Modern Mexico*).

1. — *The three regions of climate and production*. — We have seen that the territory of Mexico is divided into three regions according to altitude: the warm, the temperate and the cold. In each of these the vegetation is determined by the temperature and the degree of moisture.

The *warm region* is characterised by thick woods of mahogany and other trees used by cabinet makers, and by all crops that require warmth and moisture, such as cotton, sugar-cane, tropical fruits, *magueys*, and guavas as well as tobacco, rice etc.

The *temperate region* has not really characteristic crops, as it forms an intermediate region between the warm and the cold. Here coffee, cacao, vanilla and many other productions of the other two regions are cultivated.

The *cold region*, comprising the great central plateau is that of cereals; here also are the great plantations of *maguey*, from which is extracted *pulque*, an alcoholic beverage extensively consumed by the people.

2. — *The chief crops.*

*Cereals.* — The cereal most extensively cultivated is maize, which forms the chief food of the natives. In good years the value of this crop exceeds that of any other products, even that of the output of precious metals. In certain localities it even produces three crops in one year. In 1909-10, the area devoted to maize cultivation was 5,412,941 hectares, producing 47,957,893 quintals, that is 8.7 quintals per hectare.

The *bajío*, under which name are comprised the low lying lands of the State of Guanajuato, in the valley of St. Martin, the district of Allixco in the State of Puebla and the valley of Toluca in the State of Mexico, is the region most productive of wheat, and the price of land here varies from 300 to 500 pesos per hectare. Though the natural conditions of the country are less favourable for wheat than for maize, yet the production of wheat is of great importance and it is cultivated in nearly all the states, especially in Guanajuato, Jalisco (the granary of the Republic), Michoacán, Puebla, Chihuahua, Coahuila, Sonora, Aguascalientes and San Luis de Potosí.

The territory best adapted for the cultivation of wheat is the great central plateau, at an altitude varying between 1,800 and 2,750 metres, of an area of more than 134,580 sq. km. In 1909-10 there were 1,063,355 hectares sown with wheat, producing 3,259,351 quintals, that is 3.1 quintals per hectare.

The chief barley growing region comprises the greater part of the States of Hidalgo, Tlaxcala, Puebla and the Federal District. In 1909-10 there were 555,378 hectares sown with barley, producing in the same year 1,338,146 quintals, i. e. 2.4 quintals per hectare.

The great rice producing centres are the States of Colima and Guerrero, and the communes of Teapa and Jalpa in the State of Tabasco. Over an area of 83,911 hectares, the production of rice in 1909-10 was 917,743 quintals, that is 10.9 quintals per hectare.

*Cotton.* — From time immemorial cotton has been cultivated in Mexico. The Aztecs, the indigenous race, utilised the fibre of this plant for their clothing; during the colonial period, New Spain was the chief supplier of cotton to the mother country. But after the proclamation of Mexican independence the cultivation of cotton was abandoned, and when, favoured by peace, large factories were opened, Mexico was obliged to have recourse to foreign countries for raw material, and thus became an importer of cotton.

Great efforts have been made to restore the cultivation of cotton to its former importance in the region of Lagunas, in the States of Coahuila and Durango. Hitherto, the results have been very satisfactory. The country watered by the Rio Nazas has been transformed into a rich cotton producing district, realising the prophecy of Baron Humboldt that it would become a rival of the Nile valley. In this district the price of land rises to 1,400 pesos per hectare. The area devoted to cotton planting in 1909-10 was 115,082 hectares, producing 434,625 quintals, that is, a return of 3.8 quintals per hectare.

The most important cotton plantation belongs to an Anglo-American company which cultivates 24,000 hectares, on which 6,000,000 pesos has been spent in purchase money, irrigation works and buildings. The annual yield is 8,000 bales of cotton.

Of late, cotton has begun to figure among the exports of Mexico. In 1911-12 the quantity exported was 609,283 kgs. for a value of 140,026 pesos.

*Sugar cane.* — The sugar cane grows freely in the warm regions on the Atlantic and Pacific, in the States of Morelos, Veracruz, Puebla, Michoacán, Jalisco, Sinaloa, Colima and Tepic, where many millions of hectares are devoted to this crop.

The price of land adapted for sugar plantations varies from 900 to 1,500 pesos per hectare. In 1907 (1) the produce of the sugar cane was 27,620,193 quintals, valued at 43,976,202 pesos.

Sugar is occasionally exported, but this depends on the price in London, and seems to have no other object than to keep up the price in the interior.

Large sugar plantations called *ingenios* are very numerous, and they are generally provided with modern appliances for the extraction of sugar. There are also many smaller farms, where the juice is pressed from the cane by means of *trapiches* or mills worked by mules and where the *panocha* so largely consumed by the people is produce instead of sugar.

In 1907 the amount of sugar produced was 116,774,165 kg., valued at 19,925,879 pesos.

*Coffee, Cacao and Vanilla.* — Mexican coffee has a high reputation on the market. But hitherto it has not been extensively cultivated, although the States of Veracruz, Chiapas, Oaxaca and San Luis de Potosí possess vast plantations, producing every year more than 30,000 tons of coffee, an amount which may be increased, and Mexico may become one of the largest exporters of coffee. In 1907, it produced 50,113,450 kgs. of coffee, valued at 19,990,498 pesos.

Cacao is a native of the country. Its importance as an article of food has been well known, ever since the Spaniards first imported it into Europe. Nevertheless, Mexico scarcely produces enough for home consumption. In 1907, the amount was 3,108,960 kgs., valued at 2,916,683 pesos. The cacao region comprises the State of Tabasco and parts of those of Chiapas and Veracruz.

Mexico was formerly the sole producer of vanilla, but it now only exports about 100 tons. Vanilla is cultivated almost exclusively in the State of Veracruz, which is the richest and most advanced in the cultivation of tropical produce. The amount of vanilla produced in 1907 was 284,053 kgs., valued at 3,735,810 pesos.

*Tobacco* — Mexican tobacco is of good quality; that which is produced in certain districts of Veracruz and Tuxtla rivals the best Cuban qualities. The annual production is very variable, owing to careless cultivation.

(1) For the production of the sugar-cane, coffee, cacao, vanilla and tobacco, there are no data more recent than those of the statistical yearbook for 1907, published in 1912.

In 1907 it rose to 19,445,564 kgs., valued at 6,581,767 pesos. Nearly all the tobacco produced is manufactured in the country, and of the small quantity exported, the greater part goes to Hamburg. The tobacco factory, "El Buen Tono", seems to be one of the best in the world, fitted up, as it is, in the most modern style. More than 500 machines are daily manufacturing there from 4 to 5 millions of cigarettes of different qualities

*Maguey.* — Among plants used in manufactures must be mentioned the *magueys* (aloes) producing, according to their varieties, liquor or fibre. From the *maguey m.inso* is extracted *pulque*, an alcoholic drink largely consumed by the people, giving a return annually of about 10,000,000 pesos; from another variety of maguey is extracted *mezcal*, a kind of brandy, the annual return from which is about 4,000,000 pesos. Among the many fibres produced by the mexican aloes, must be mentioned especially *henequén* which has transformed the peninsula of Yucatan, once a desert, into one of the most prosperous of the State. In 1907, this fibre yielded 23,831,234 pesos. We shall mention, finally, *ixtle*, the fibre extracted from the aloes which produce pulque, mezcal etc.

*India rubber and Chicle.* — The cultivation of india rubber is growing in importance because of its industrial utility and the favourable conditions for its cultivation. Hitherto india-rubber has been extracted by primitive methods from the plant in its wild state, but for the future it will be obtained from special plantations now exporting from three to four million tons a year.

The cultivation of *chicle* must not be forgotten; it is a gum used as an article of food, grown, more especially, in the States of Campeachy, Veracruz and Quintana Roo, which produce more than two million kgs.

*Fruit.* — Fruits are cultivated in infinite variety. Some among them, natives of the country, such as *maneys*, mangoes, the *chirimolla* and the *gnava* serve for home consumption. Apples, pears, quinces, figs etc., are also cultivated, but are generally inferior to similar fruits produced in Europe. Certain fruits are grown on a very large scale for exportation, especially oranges of which 5,000 may be produced by one tree in certain regions, and bananas, which require very little care. The making of preserves, which would open new markets for fruit in Europe, has received little attention.

3. *Forest wealth.* — In the great forests along the coast and on the slopes of the sierras there are more than 300 varieties of trees, among which the most highly valued for cabinet making and for dyeing are cedar, ebony, sandal wood, rosewood, iron wood, mulberry, logwood etc.; on the higher plateaux are pines, ash and chestnut trees.

We have no exact statistics of the area of forest land; but it is calculated that, though the area, fit for sylviculture is 100,000,000 hectares, the wooded regions cover only 30,000,000 of hectares.

4. *Livestock.* — The conditions of a country which has about 50,000,000 hectares of pasture land, and which has a very mild climate are very favourable for livestock improvement, especially in the colder regions. Although leather and hides and goats' skins are exported to the value of



9,000,000 pesos per year, livestock improvement is not carried on as extensively as it ought to be, considering the above conditions.

In 1902, a census was taken of the livestock, which gave the following results:

	Number	Value in pesos
Horned cattle . . . . .	5,142,457	81,407,619
» horses . . . . .	859,217	10,822,203
» mules . . . . .	334,435	10,576,958
» asses. . . . .	287,991	2,360,552
» sheep . . . . .	3,424,430	6,037,306
» goats . . . . .	4,206,011	7,250,430
» pigs . . . . .	616,139	2,068,090
Total . . . . .	14,870,680	120,523,158

The consumption of meat in the country is very small, being approximately only 50 grammes per day per inhabitant.

*(to be continued\*).*

\* In our next number we shall give the continuation of this article, in which the Mexican land question and the reforms proposed by the Agricultural Commission will be found more particularly dealt with.

## ROUMANIA.

### THE LAND REFORM AND ITS RESULTS UP TO THE PRESENT.

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#### § I. THE AGRICULTURAL SITUATION PREVIOUS TO 1907.

As we know, the insurrectional movements among the Roumanian peasants were only the violent epilogue to an unhappy situation which had lasted for years without the Government, which alone could have prevented disaster by efficient and legitimate intervention, feeling itself strong enough and in a position to put an end to a situation at once so dangerous and so unjust.

We do not intend to go too far back into the history of the conditions under which the peasantry of the Moldo-Walachian Principality had to live,

but we are compelled to refer very briefly to the "Organic Law" promulgated immediately after the peace of Adrianople (1829), as the result of the joint work of the Russians and the notabilities of the principality, which the Turks were obliged to respect. At least a summary idea of this law, with regard to the situation of the peasants, is absolutely necessary in order to understand the causes of the movement of 1907 and the land reforms that have followed it. And it is to be observed that this law several times amended, formed up to 1907, the basis of the land situation of the country.

The organic law of 1829 somewhat improved the situation of the peasants: the system of taxation was to some degree rehandled so as to eliminate the incredible abuses previously existing (1); an improvement was introduced into the condition of those peasants called *scutelnici* (persons exempted from payment of dues to the lords) who were rendered completely independent of the landlords and only subject to the Crown. In addition to this, the law recognised the right of the landowners to take for their personal service one individual out of every ten families on their estates. These servants took the name of "free servants" and were exempt from all taxation; on their side, the landowners were obliged to give them as many days' leave as they required for the cultivation of their farms. When there were less than 200 peasants on a landed estate, the landlord had a right to the services of two persons per family whom he might employ as guards, gamekeepers etc.

The same law also recognised (and this was a great step forward), that if, on the one hand, the ownership of the land was the boyar's by right, on the other, the peasants had a right to their labour. The peasants were, therefore, subdivided into three classes according to the number of oxen they possessed; the first class consisted of those who possessed four or more oxen, the second of those who had only two or three, the third of those who had only one or none at all. To each peasant was assigned a fixed area of land, both in the village, for his house and cattle stall, and in the country, the area varying in extent according to the class to which the peasant belonged, and being different in Moldavia and in Walacchia. But the law also provided that the masters were not obliged to transfer to the peasants more than  $\frac{2}{3}$  of their land, so that it very frequently happened that the areas assigned to the peasants were necessarily restricted, unless the peasants preferred to remove elsewhere. In addition to this, the landlords, naturally, retained for themselves the best land, only transferring such as was inferior and consequently less productive. The peasants for their part, in addition to paying the ordinary taxes (30 lei (2) poll tax, 3 lei communal tax and 1 leu for the National Defence), were bound to give the landlord, or the farmer renting from him the land the use of which they enjoyed, a tenth part of the crop, 12 days' work and sixteen consecutive hours (or two periods of eight consecutive hours) of service without pay.

(1) Up to that date, taxes were levied even under the name of *pradare* (theft, plunder).

(2) 1 leu = 1 fr.

Certainly, it was not in accordance with these provisions, which, already in themselves burdensome, became in practice quite insupportable, through the severity of the landlords and the little if any justice the peasants obtained when they went to law, that the Roumanian land question could be finally settled. The first signs of discontent appeared in 1848: the government of the time appointed a commission on which the peasants were also represented: after a long debate some amendments were made in the Law which, for the moment, served to calm the excitement. Later on, the agitations recommenced, until in 1864 the Minister Cogalniceanu proposed and carried through Parliament a new land law, by which the peasants were finally liberated from the odious burdens imposed on them by the landlords or tenant farmers under the form of taxes in money or contributions in forced labour. The peasants also received land under cultivation, and, to be exact, 467,840 peasants, owning 4 oxen, 2 oxen or one ox or even none at all received altogether 1,766,258 ha. of land. But it is to be observed that about 200,000 of those peasants who had not two head of cattle and about 150,000 of those who had received no land, because the landlords, in terms of the organic law, still in force, were not bound, as we have seen, to transfer more than  $\frac{2}{3}$  of their land, formed a group of about 350,000 persons absolutely and immediately dependent on the landlords who made them at last the scapegoats for the benefits obtained by the rest. This group, therefore, became a centre of discontent, which, in spite of the good but incomplete reforms, was not long in reappearing and assuming an alarmingly acute form.

Among the causes of this discontent, we must consider in the first place the enormous increase in the peasants' rents and, in the second place, the unjust and vexatious form of the agricultural contracts in force.

It is necessary to remember that in Roumania, more than one third of the arable land is in the hands of a thousand large land owners (1) who generally do not cultivate their immense estates themselves, letting them in preference to tenant farmers who, in their turn, really speculate in the work of the peasants. The proportion of arable land that thus has come into the hands of tenant farmers is more than 65 %; of this 39 % has been let to foreign tenant farmers. These large areas are subdivided into small lots of not more than 20 ha. and leased to the peasants by special contract at special rents.

These rents might be paid in two ways: in money or in kind.

To show the rapid rise in these rents between 1870 and 1906 we reproduce the figures given by Creanga in his detailed study showing the annual rent per hectare paid by the peasants:

(a) In 1870, in a total number of 210 farms studied, on

115	or	54.7%	the rent was less than 20 lei per ha.;
89	»	42.4%	» from 20 lei to 40 lei per ha.;
5	»	2.4%	» » 40 » » 50 »
1	»	0.5%	» » 50 » » 60 »

(1) Cf. D. G. TEODORESCO, *op. cit.*, page 27.

(b) in 1906, taking the same 210 farms, we find:

on	4	or	2%	the rent was less than 20 lei per ha ;
»	66	»	31.4%	» from 20 lei to 40 lei per ha
»	48	»	22.9%	» » 40 » » 50 »
»	49	»	23.3%	» » 50 » » 60 »
»	26	»	12.3%	» » 60 » » 80 »
»	17	»	8.1%	» above 80 lei

The above figures also give us the following results:

in 8.6 % of the farms considered, the rent was raised by from 1 to 10 lei per ha. ; in 21 % by from 10 to 20 per ha. ; in 48,1 % by from 20 to 40 lei per ha. ; in 19.5 % by from 40 to 70 lei per ha. ; in 2.8 % by more than 70 lei per ha.

As regards payment in kind, Creanga reproduces the following figures,; resulting from an enquiry made with regard to 196 farms in 1870 and 1906 :

(a) in 1870, the 196 farms yielded the landlord (or tenant farmer) and the peasant the following proportions of the total crop:

18	or	9.2%	yielded 1 and 9 parts respectively;
7	»	3.6%	» 1 and 7 » »
18	»	9.2%	» 1 and 6 » »
10	»	5.1%	» 1 and 5 » »
38	»	19.4%	» 1 and 4 » »
21	»	10.7%	» 1 and 3 » »
57	»	29.0%	» 1 and 2 » »
4	»	2.1%	» 2 and 5 » »
18	»	9.2%	» 2 and 3 » »
—	»	—%	» 5 and 6 » »
5	»	2.5%	» 1 and 1 » »

(b) in 1906, the same 196 farms yielded the two parties the following proportions of the total crops:

0	or	0%	yielded 1 and 9 parts respectively;
0	»	0%	» 1 and 7 » »
0	»	0%	» 1 and 6 » »
0	»	0%	» 1 and 5 » »
2	»	1%	» 1 and 4 » »
11	»	5.6%	» 1 and 3 » »
45	»	23.0%	» 1 and 2 » »
0	»	—	» 2 and 5 » »
21	»	10.7%	» 2 and 3 » »
1	»	0.5%	» 5 and 6 » »
116	»	59.2%	» 1 and 1 » »

From the above figures we see what an enormous increase there has been in the rents, whether in money or in kind, in little more than thirty years. To these eloquent figures, let us add that other causes conspired to render the situation of the Roumanian peasant more burdensome. First of all the very large majority of the Roumanian landlords had no farm equipment; all the work of the farm was carried on with the machinery, implements, material and livestock belonging to the peasants. The large proprietors relieved themselves of all expenditure and annoyance, which they transferred to the peasants, even when the latter had not any land at all. The enquiry carried out in 1899 by the Department of Agriculture showed that 92 % of the livestock of the country belonged to peasants and the rest to the landlords and tenant farmers. Besides this, out of 517,463 wagons for transport of every kind, the large landowners only possessed 7.4 %: of 589,308 carts, 95.8 % belonged to the peasants.

To those already given, we must also add two causes contributing further to aggravate the situation for the farmers, namely, the increase in the charges for pasturage and the fall in agricultural wages.

The lack of communal pastures, while the livestock belonged almost entirely to the peasants, had led to such a situation that the peasants were almost absolutely at the mercy of the landlords (or tenant farmers): the result was an enormous rise in the charges for pasturage. As we did in the case of the increase of rents, we shall here again reproduce some figures referring to the charges for pasturage of cattle in 1870 and 1906.

(a) in 1870, in the case of 323 grazing grounds examined, on

185	or 57.2%	less than 5 lei	was charged per head of cattle;
118	» 36.6%	from 5 to 10 lei	»
9	» 5.9%	10 » 16	»
1	» 0.3%	16 » 20	»
—	» —	more than 20 lei	»

(b) in 1906, in the case of the same 323 grazing grounds, on

67	or 20.7%	less than 5 lei	was charged per head of cattle;
75	» 23.3%	from 5 to 10 lei	»
127	» 39.3%	10 » 15	»
41	» 12.7%	15 » 20	»
13	» 4.0%	more than 20	»

As regards agricultural labour, the conditions at the end of 1906 were certainly no better than those of rents and grazing charges. Labour was paid at different rates according to the province and the kind of work. To give an idea of the fall in wages between 1882-83 and 1906, we reproduce some very characteristic figures on the subject.

In 1882-83 wages were as follows :

- 1<sup>st</sup>. Ploughing . maximum: 16.8 lei per ha.; minimum: 11 lei per ha.  
 2<sup>nd</sup>. Hoeing . . . . . : 44.8 » ; . . . : 28 » »  
 3<sup>rd</sup>. Mowing . . . . . ; 22.8 » » ; . . . : 10 » »  
 4<sup>th</sup>. Daily wages of peasants bringing their own draught animals: maximum: 5 lei; minimum: 2 lei.  
 5<sup>th</sup>. Wages per day maximum: 2.50 lei; minimum 1 leu.:

In 1906 wages, on the other hand, were as follows:

- 1<sup>st</sup>. Ploughing - maximum: 16 lei per ha.; minimum: 8.4 lei per ha.  
 2<sup>nd</sup>. Hoeing - . . . : 36 » » ; . . . : 24 » »  
 3<sup>rd</sup>. Mowing - . . . : 28 » » ; . . . : 10 » »  
 4<sup>th</sup>. Daily wages of peasants bringing their own draught animals: maximum: 5 lei; minimum: 1.50 lei.  
 5<sup>th</sup>. Wages per day: maximum; 2.50 lei; minimum 0.80. leu.

These figures, however, produce a much greater impression when the variation in wages in the same locality is considered.

Thus, for example, in the district of Olt, wages for ploughing fell between 1883 and 1906 from 44 lei to 24 lei per ha; for mowing from 16 lei to 12 lei; wages per day from 2.50 lei to 1 leu. In the district of Suceava wages for ploughing fell from 13 to 8.4 lei per ha; for hoeing from 39 to 28 lei; the wages per day from 1 leu to 0.8 leu. And examples might be multiplied indefinitely.

Summing up then all that we have set forth in succession, we, may, therefore, say that since 1829, the year of the organic law, up to the revolts in 1907, the general conditions of the Roumanian peasants became worse and worse. On the one hand, feeble and incomplete legislation could bring no remedy; on the other, the landlords and tenant farmers tried, by continually increased oppression of the peasants, to make good their own losses at the expense of the latter, reducing the benefits due to them under successive agricultural laws. In other words, the laws of 1829, 1848, 1864, 1866, 1872, 1882 and 1893, which we shall not deal with here, as they were only successive steps on an unprofitable course, represented, rather than an improvement a real aggravation of the general situation, which continually grew worse, until it resulted, at the beginning of 1907, in what was really a very serious revolt of the peasants.

## § 2 THE LAND REFORMS OF 1907.

It is not our duty to give an account of the peasants' revolt and we, therefore, refer our readers to the excellent books on the subject, the names of which are given at the head of this article. It is our particular business to consider what reforms were granted by the Government in consequence of

the events of 1907 and what have been the results attained by these reforms.

The land reforms introduced in consequence of the 1907 revolt may be grouped in four large classes.

1st.. The institution of the Rural Bank ;

2nd. The law on agricultural contracts ;

3rd. The limitation of the freedom of leasing agricultural land ;

4th. The law on leasing to farmers' associations land belonging to the State, to establishments or private institutions.

We shall omit to speak here of the institution of the Rural Bank, since it has already been dealt with at large in this Bulletin in the number for October, 1912. The reader will find there an abundant supply of information and figures.

We shall, however, deal at length with the *Law on Agricultural Contracts*. — This law is really the chief and most important result of the revolt of 1907 and it is undoubtedly the real and substantial reform that has indeed started Roumania on the high road of agricultural progress.

This law, promulgated on December 23rd., 1907 consists of several chapters which we shall summarise as briefly as possible in their most important points.

The first Chapter deals with contracts of lease subject to the law on agricultural contracts. The following are those so subject :

(a) Contracts by which areas of not more than 20 hectares are leased to a single family of peasants, to be cultivated as cornfields or meadow land or to be used for grazing grounds, in return for payment in money or in tithes. The lease of areas of more than 20 ha. remains subject to the provisions of common law, since the object of the new law is to protect the small farmer and not to give a privileged position to those peasants who, as they are able to rent considerable areas, are in a position to enter unassisted into competition with the landlords and tenant farmers.

(b) Contracts of lease of grazing ground for six head of large and 10 head of small livestock for each family. It is calculated that 5 head of small are equivalent to 1 of large livestock. In this case also the law is meant for the protection of small dependent peasants, since, by fixing the number of head of cattle, it comes to the assistance of those peasants who employ their livestock for their work and not of those who, possessing large herds, make livestock improvement their principal business.

(c) Contracts in which the peasants undertake to provide the necessary labour for agriculture in return for wages.

The classes of contract subject to the law being thus fixed, the second Chapter lays down the conditions for the contracts themselves. Amongst the most important are those of article 3, dealing with the re-organization of the system of payment by compensation or "*tarla*". This system enables the peasant to give his labour in a field of corn or maize instead of paying his rent in money. The landlord or the tenant farmer, however, cannot exact this kind of payment. It is not, however, true, as asserted by some, that the payment of tithes on the "*tarla*" system has



been abolished: it was only reorganized and the peasants under the new system are certainly a hundred per cent. better off.

The total abolition of it was not possible and article 3 itself provided for it, since in some cases it is absolutely impossible for the peasant to pay in money. But, in that case, a new and quite independent contract must be entered into, in which the remuneration is fixed so as never to be inferior to that established by the Regional Commission (1).

The law therefore lays it down that rent must be paid only in money or only on the "tarla" system and abolishes all the old systems, complicated by numerous supplementary obligations imposed on the peasants who at last paid more on these supplementary grounds than for the rent itself. The law finally provides that all agricultural contracts must be written and not verbal, as used to be the custom.

The most important part of the law is that relating to the formation of communal grazing grounds (Chapter III). The lack of grazing ground for the peasants' livestock gave the landlords and tenant farmers an opportunity of concluding contracts entirely in their own interest, since, if the peasant can cultivate land at a distance from his residence, he cannot lead his livestock to graze at great distances.

This obliged the peasant to accept burdensome conditions both in regard to the land he cultivated and the pasture ground necessary for his livestock. The 1907 law therefore established in every commune, on land taken from the large landowners, communal grazing grounds of an area sufficient for the grazing of two oxen and a cow per family.

This provision it was not, however, easy to carry into effect. The Government, well aware of the necessity of establishing communal grazing grounds, had only two courses open to it, either to oblige the landlords to lease to the peasants for fifteen or twenty years a certain proportion of their land for grazing purposes, or to expropriate a part of their estates. The first solution presented drawbacks of various kinds, such as the possible distance of the grazing ground offered for lease from inhabited centres, especially when it formed part of estates of a considerable area; the likelihood that the landlords and large tenant farmers would only lease the worst of their land for grazing; and the frequency and ease with which difficulties might arise between the landlords and tenant farmers on the one side and the peasants on the other.

Therefore, the second course was followed, that of expropriation. But also this was fraught with difficulties, owing to the constitutional opposition made by the conservative parties as representing the interests of

(1) Article 65 of the law provides that "in every province a special commission shall be formed, composed of five members, namely, of the agricultural inspector, two delegates of the landlords and two delegates of the peasants. The Agricultural Commissioner shall be president of the Commission". "The object of the Commission shall be to fix the minimum wages and the maximum rent, in accordance with the yield of the land. The Regional Commission shall be in session every year from November 10th. to December 15th. A special session may be convoked by the Agricultural Inspector whenever he deems it necessary" (art. 69).

the landlords. At last an agreement was come to between the leaders of the political parties in Parliament and it was decided that the Communes should receive as grazing grounds the land the owners should offer of their own accord.

The principal provisions in Chapter III of the law are as follows:

Art. 9. provides that in every rural commune one or more communal grazing grounds must be established, according to the number of groups of houses inhabited by more than 25 families. The law, however, provides that there may be several grazing grounds only when the groups of houses belonging to the commune are so far from the centre as to render it impossible for the peasants to send their livestock to the principal one. The peasants living in groups of houses in which the families are less than 25 shall send their livestock to the nearest grazing ground.

The communal grazing grounds shall be formed by purchase of land of suitable character and position. Payment of the price agreed on shall be made through the Rural Bank which may issue bonds for the purpose, and the debt thus incurred by the communes shall be guaranteed by the State. The communes may at any moment redeem the bonds; they must, however, do so within a period of not more than 12 years.

Art. 10. provides that the land serving for grazing ground must not be more than 3 km. from the village, except in cases for which the Superior Council of Agriculture makes special provision.

With regard to the area of the grazing grounds, art. 11 provides that it must correspond with the number of head of livestock proved to belong to the villages or groups of houses, in the proportion of 1 hectare for every 4 head of large livestock. In determining the number of head of livestock by which to fix the area of the grazing grounds, two methods are followed. In the first, an enumeration is made, leaving out of consideration the head of livestock in excess of the 6 head of large livestock allowed to each farmer by the law itself; in the other, the calculation is made by reckoning to every head of a family in the village 3 head of livestock (2 oxen and a cow). Of the two results thus obtained, the larger is taken and is divided by four to obtain the number of hectares for the area to be assigned as grazing ground.

Art. 13. then provides that in case in the neighbourhood of a village, in which a communal grazing ground is to be established, there is more than one landlord offering his land, the most advantageous offer is to be accepted. The law then gives a number of rules with regard to expropriation, for purposes of communal grazing grounds, of suitable land belonging to the State, charitable or other institutions, providing special conditions of favour in each case.

The communal grazing charges shall be based on the capitalisation of the annual value of the land at 6%. This value naturally varies in each case. But, if we take the value of a hectare of grazing ground as between 500 and 600 lei, and if we observe that this area serves for four head of livestock, we shall find that the value of the grazing ground for each is between 125 and 150 lei, 6% of which is from 7.50 to 9 lei per year. Before

this law came into force the rates most usually paid for grazing were, as we have seen, from 10 to 20 lei per head of livestock (in many cases more than 20 lei): and certainly the peasants had not then the enjoyment of a quarter of a hectare per head of livestock.

Chapter IV of the law deals with agricultural labour.

In preceding laws no mention had been made of this, and the omission naturally led to injustice and abuses. In article 35 of the law of 1907, however, it is provided first of all that agricultural labour also must be paid for exclusively in money. And the peasants are further forbidden to obtain clothes, food, implements etc. from the landlords or tenant farmers. The law next attempts to put a limit to the invasion of middlemen, who used really to speculate in the labour of the peasants; so it punishes landlords who employ agents to find agricultural labourers for them, unless these agents have been duly authorized by the Government authorities. In addition, the law fixes the quantity of food the farmer must give his labourer in case he does give him his food. The quantity is fixed by the Superior Board of Health. The law also fixes the amount of money to be paid to the labourers by those landlords or tenant farmers who do not give them their food.

Finally, there is a special chapter in the law containing general provisions with regard to the period of duration of agricultural contracts, the general methods to be adopted for the improvement of the cultivation, the distribution of the implements, the systems for fixing the minimum wages and maximum rents, the supervision of the application of the law etc.

A more detailed account of the law would lead us too far: we shall content ourselves, therefore, with having given our readers a general idea of its principal provisions, and they will be able to see from the above short summary that it regulates a large part of the organization and conduct of agricultural life in Roumania.

Proceeding with our study of the Roumanian land reform, we shall now deal briefly with the *Law for the Limitation of the Right of Lease*, known also under the name of the law against lease trusts.

We have already seen in the introduction to this article the importance of agricultural leases in Roumania. The possibility that rich tenant farmers had of uniting under their control immense areas of land allowed of the formation of real and true *trusts*, by which the most burdensome conditions were imposed on the peasants. When we think that a single family had leased 150,000 ha. and negotiations were in course for adding to even this immense area, it is easy to understand that the Government had not only a right but a duty to intervene to put a stop to such a state of things. The provisions of the law with regard to maximum rents and minimum wages, might indeed have been a benefit for the peasants, but could not alone radically modify the harmful effects of the lease trusts. The law of April 10th., 1908 puts an end to this state of things, prohibiting, first of all, the leasing by a single person or a single group of persons under any form or title, of more than 4,000 ha. The law establishes penalties for contravention; and makes provision with regard to the valid-

ity and duration of pre-existing contracts, as well as the manner in which they may be cancelled and the compensation to be given in that case. This law was principally meant for the elimination of agricultural intermediaries, so injurious, as we have had already occasion to see, to the welfare of the peasants and to the development of agriculture in Roumania.

The last of the laws relating to land reform in Roumania is that of June 20th., 1910, which provides that land belonging to the State or to public associations or establishments may be leased to rural associations for their exclusive use, without being tendered for. This is therefore no insignificant facilitation the State has granted the rural associations, which are thus enabled to compete with the landlords and tenant farmers for a considerable length of time under favourable conditions. This law, however, has apparently not produced the results hoped for.

### § 3. THE RESULTS OF THE REFORM UP TO THE PRESENT.

Such important and wise laws as were passed after the 1907 revolt could not but produce abundant excellent results. The progress made by Roumanian agriculture in the last six years is the best proof of the excellence of the new laws. The results of the land reforms may be summed up in a single phrase: the almost complete disappearance of every kind of abuse, so frequent, indeed usual, previously.

However, if we reflect on the serious difficulties that are always met with wherever attempt is made to reform or improve a situation that has lasted for years, it is no matter of surprise if, in some cases, the laws introducing the reforms have been evaded or have not produced all the results they were intended to.

In an address given on November 1st., 1913 by the Agricultural Inspector C. Georgesco at the Club for Economic and Financial Study at Bucharest, the following results, good or fair, of the 1907 reforms were brought out.

With regard to the Rural Bank, it is necessary to distinguish between the various duties assigned to it: some of these it has already fully performed and the objects in view have been completely attained; other duties have only been accomplished in part. The institution of a Rural Bank for Roumania was an absolute necessity for the farming population, which felt the need of being in a position to obtain credit easily and cheaply. With regard to the ordinary duties of the Bank, such as that of granting loans to communes for the purchase of communal grazing grounds and loans on mortgage of holdings bought by the peasant before the institution of the Bank itself and the putting of the peasants in the way of a better cultivation of the soil, it must be allowed that they were fully performed. But another object of the Rural Bank, and certainly not the least important, was to change the distribution of the land to the benefit of the peasants, facilitating the formation of small rural holdings by them. Georgesco finds that this aim has not been fully realised, although, it must be pointed out, the Bank has

succeeded in transferring by insensible degrees to the peasants an area of 53,616 hectares formerly belonging to the large land owners. The result is not extraordinary, when we consider that it was a matter of six years' work. It deserves, however, consideration, above all when account is taken of the Roumanian agricultural situation before the institution of the Rural Bank. Georgesco then considers that the Bank should be constituted so as to be able to act as a general discount bank for the people's banks of the country.

With regard to the application of the law on agricultural contracts and its results, it may be affirmed that they were more than satisfactory in the majority of cases, in the way of eliminating abuses, regulating payment of rent in money or on the " tarla " system, fixing the minimum wages, etc. However, some objections may be made.

First of all with regard to the formation of communal grazing grounds, account must be taken of the fact that only  $\frac{2}{5}$  of the landlords have spontaneously offered their land, and there have been few cases of expropriation, so that on January 1st., 1913, (1) five years after the promulgation of the law, there were only 903 communal grazing grounds, with altogether an area of 118,531 ha. representing a value of 75,000,000 lei. The average value per ha. of this land would, therefore, be about 630 lei, a little more therefore, than that assigned to it by Creanga (500 - 600 lei) and reproduced by us in our calculation of the charges for grazing. If, however, we remember that capitalisation at 5 % is nowadays a liberal estimate especially in the case of landed estates not farmed intensively, we find that the average grazing charge per head of livestock is about 7.80 lei. And this is still a very great gain for the peasant over and above the fact that he is now free to sell his labour to the boyar, as he judges best. A practical attempt is now being made to transform the grazing grounds into fields of lucern, which, however, is not without its difficulties, above all owing to the conservative spirit of the peasants.

As regards the obligation imposed by the law on the landlords and tenant farmers only to make contracts with the peasants in writing, Georgesco recognises that, if progress has been made, still the old and deep rooted habit has not yet been abandoned.

The minimum wages and maximum rent were fixed as we saw before, by regional commissions, of which the agricultural inspector was president. The minimum wage is not the minimum necessary for life, but an average taken of the rates paid for labour in the periods of greatest activity and the lowest prices paid in the winter when labourers are recruited for the next season. The establishment of this minimum wage has, naturally, led to a considerable rise in wages and it is generally considered that on this point the reform has been most effective and the provisions of the law have been least evaded. Similarly, the establishment of the maximum rent has resulted in the lowering of rents generally. But it is observed that, sometimes, the law in regard to leases has been evaded and landlords and

(1) See Appendix to this article.

tenant farmers have not seldom exacted more than the maximum fixed, both in money and labour. Thus some authorities even assert that generally the maximum fixed by the Regional Commissions is less than the rent really paid by the peasants.

With regard to the effects produced by the protection of national agricultural labour against foreign labour and by the institution of labour bureaux, opinions are not agreed. Some say that the first of these innovations has produced excellent results, greatly to the benefit of the national labourers, thanks to the provision that, as we know, prevents foreign labourers being employed without the approval of the agricultural inspector. Optimists hold also that the labour bureaux have had an excellent effect in centralising demand and supply, with all the economic and social advantages consequent on this. The pessimists, on their side, hold that neither the protection of national against foreign labour nor the institution of labour bureaux has had any other effect than that of raising the price of labour. The final solution of the serious question of agricultural contracts can only be reached by the complete abolition of all dependence of the peasants on the landlords and this can only be effected by giving a vigorous impulse to the rural farm associations (*obstii*, Roumanian collective farms), and by expropriating the *latifundi* in favour of the peasants, as already proposed by the Roumanian National Liberals in their last Congress, held at Bucharest from October 20th. to November 2nd., 1913.

Altogether, we may therefore conclude that the results of the land reforms of 1907 have been more than satisfactory, if not altogether excellent, taking into consideration also the haste with which the reforms were prepared and voted by Parliament under the influence of the alarm excited by the revolt of the peasants.

Certainly, these reforms will require further modification, continuation and completion, especially by the application of the right granted to the State to resort to expropriation in certain definite circumstances, giving fair compensation, so as to facilitate a distribution of the land more in accordance with the general interests of the country.

But it is not to be denied that between 1907 and the present day arbitrary action has largely disappeared; the peasants have acquired a true idea of their rights and seldom allow themselves to be cheated and a real revolution was produced in the minds of the rural classes, habituated for centuries to injury and subjection, when they could convince themselves by experience that the law was not enacted only against them, but chiefly in their favour and in the common interest.

#### APPENDIX.

At the moment of publishing the foregoing study we have received some more recent information in regard to the work of the Rural Bank and the general financial situation of the communal grazing grounds, on

October 1st., 1913. We reproduce it *in extenso* from the number of the Bucharest review, "*Le Mouvement Economique*" for January 1st., 1914.

(A) *Situation of the Rural Bank on October 1st., 1913.*

(a) Land Business.

1. *Purchase of Farms.* Up to October 1st., 1913, the Rural Bank had bought farms for the amount of 48,190,037.33 frs. The amount up to October 1st., 1912, had been 37,941,937.09 frs.

2. *Sale of Farms in Lots to Peasants.* Up to October 1st., 1913, it had sold farms to peasants, up to the amount of 9,990,618.90 frs. (up to October 1st., 1912, 4,334,350.15 frs.) Of this, the peasants had already paid 1,307,934.51 frs., so that the balance they had still to pay, on October 1st., 1913, was 8,682,684.40 frs.

3. *Loans Granted to Rural Associations that had Purchased Farms before the Foundation of the Rural Bank.* The Rural Bank may, as we know, grant loans on mortgage of the farms occupied before the promulgation of the law for the foundation of the Bank itself, if at that moment the purchasers were still in debt to the sellers. On October 1st., 1913, the amount of the loans so made was 4,059,518.70 frs. (on October 1st., 1912, 3,721,372.70 frs.)

4. *Loans Granted to Communes for Purchase of Communal Grazing Grounds.* The Rural Bank, through the medium of which the communes purchase the grazing grounds, had, on October 1st., 1913, granted loans for the purpose to the amount of 27,359,659.87 frs. (in 1912, 21,938,574.30 frs.)

5. *Building of Rural Dwelling Houses.* The amount invested in such building was on October 1st., 1913, 94,507.87 frs., all in the year 1913, as previously the Bank did not conduct operations of the kind.

(b) Banking Operations:

1. *Securities Deposited in the National Bank.* The amount of these securities was, on October 1st., 1913, 1,082,671.85 frs. (On October 1st., 1912, 1,085,692.20 frs.)

2. *Discounting, Rediscounting, and Current Accounts.* The accounts under this head were closed with a balance of 7,979,376.55 frs. (6,614,353.85 frs. on October 1st., 1912).

In other respects, the situation on October 1st., 1913 was as follows:

Share capital, 10,000,000 frs., 9,992,600 frs. paid up. Rural land bonds at 5 %, in circulation to the amount of 75,625,500 frs. (58,148,000 frs. in 1912); drawings had been made to the amount of 69,000 frs.

The Reserve Fund on October 1st., 1913, was, 702,899.70 frs. (399,430.60 frs. in 1912). Besides the reserve fund, there is a "Thrift and Improvement Fund", now amounting to 265,104.20 frs.

The total charges on the land purchased from the Rural Land Credit Institute and various landowners amounted to 4,054,735 frs. on October 1st., 1913, against 5,068,000 frs. on October 1st. of the preceding year.

The profits for the first six months of 1913 were 389,412.66 frs. (389,458.06 frs. in 1912); the working expenses, with interest paid, amounted to 211,322.91 frs.

(B). *General Financial Situation of the Communal Grazing Grounds, from 1908 to 1913.*

The Superior Board of Agriculture has given its opinion with regard to 2,138 grazing grounds offered to the communes, and the Home Office has given its approval for the constitution of 1,316 of these as communal grazing grounds. With regard to the rest:

581 were refused;  
232 were held over for consideration;  
9 grants were cancelled.

The total number approved were divided as follow:

706	communal grazing grounds offered by private persons;
358	»           »           »           »           the State;
252	»           »           »           »           various institutions.

The communes have received transfer of 1,040 of these in different years, as follows:

176 in 1909 . . . . .	148 in 1912
354 in 1910 . . . . .	140 in 1913
222 in 1911 . . . . .	<u>1,040</u>

The difference between the total number approved (1,316) and that transferred (1,040) is 276.

The communes will receive possession of 171 in 1914, and in regard to 105 they are still in litigation with the proprietors for different reasons.

The total area of communal grazing grounds approved is 182,518 ha., the purchase price being 114,457,838 frs., giving an average of about 628 frs. per ha.



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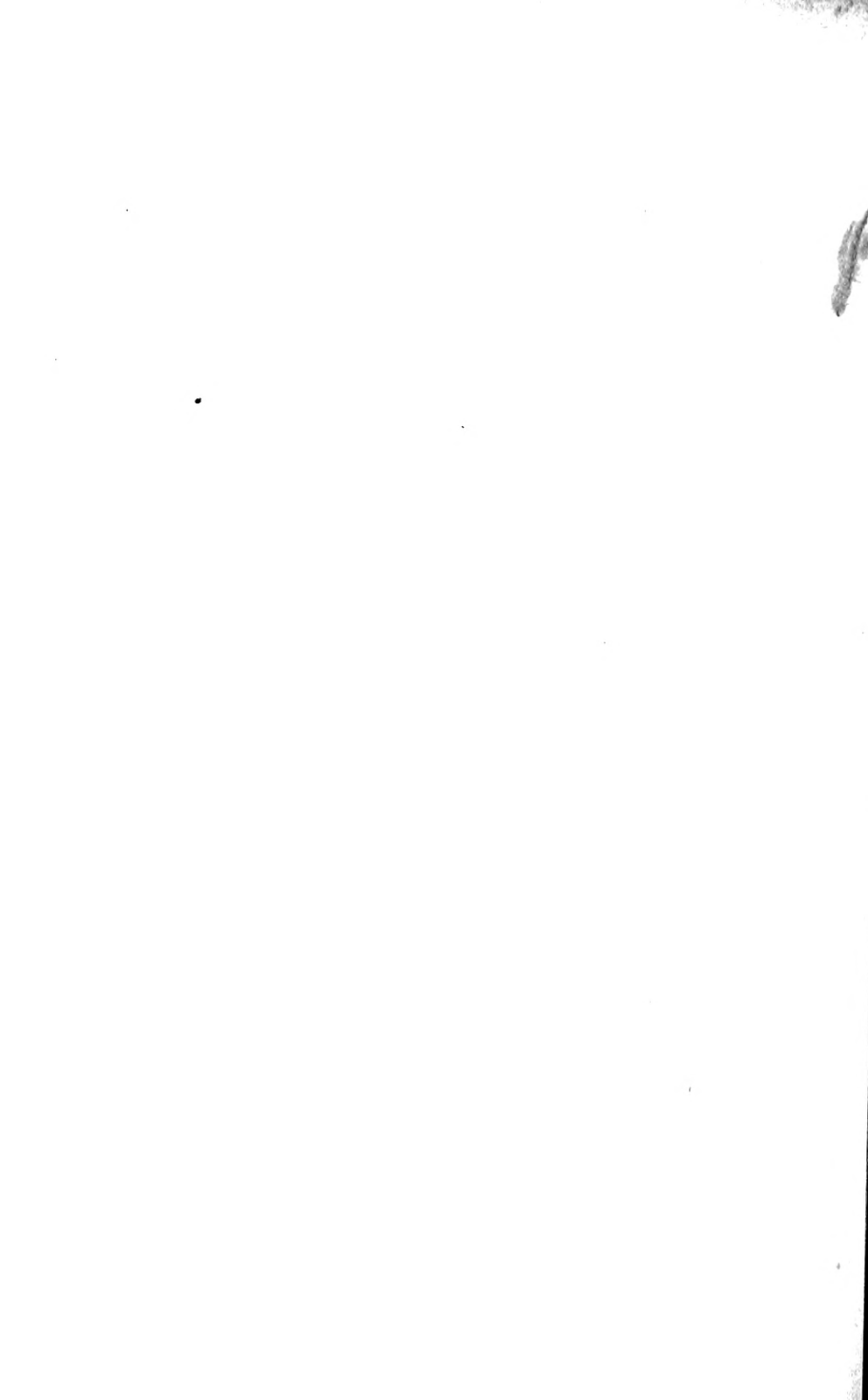
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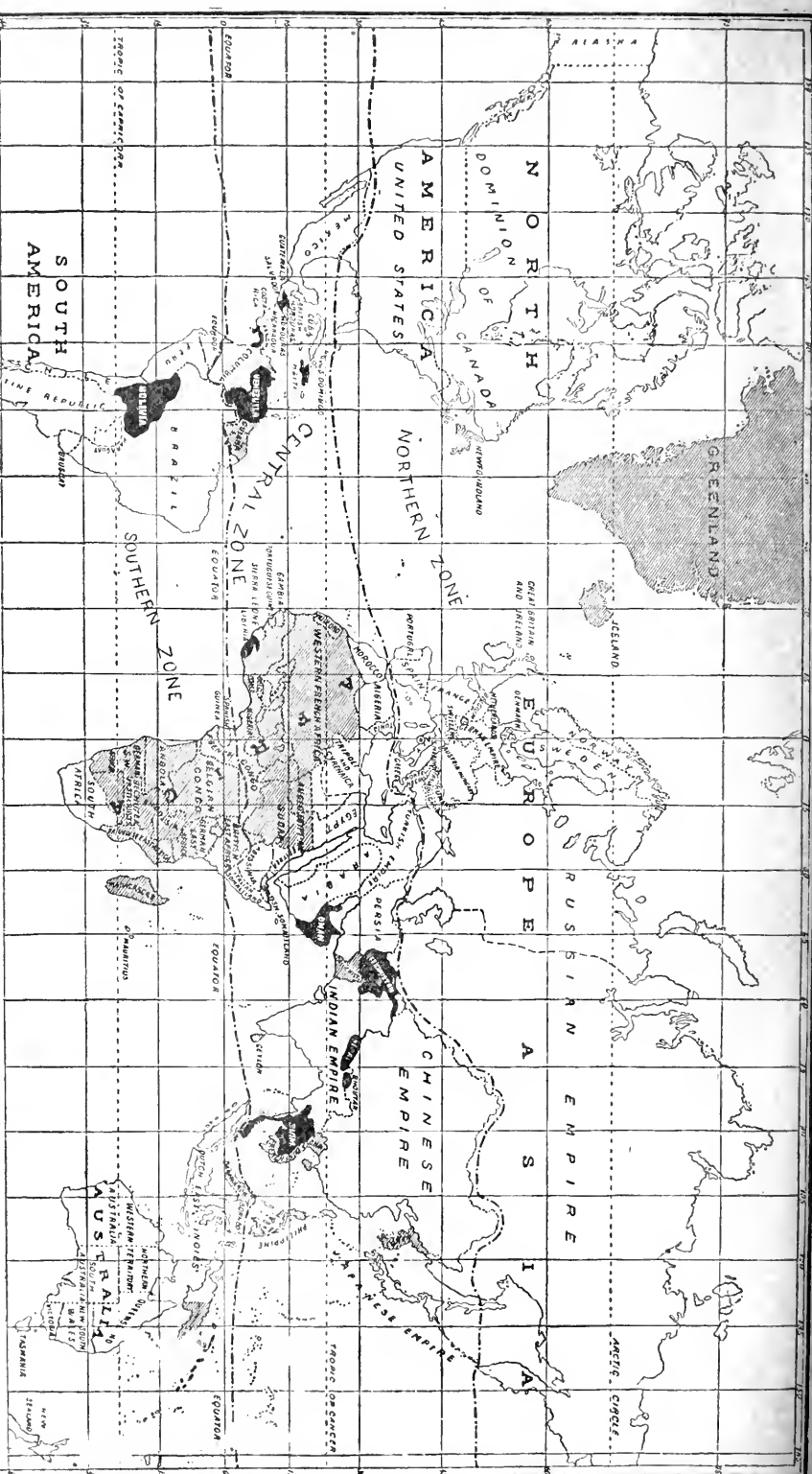
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42<sup>nd</sup>. VOLUME \* \* \* \*

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V<sup>th</sup>. YEAR - NUMBER 6

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4. ORGANISATION DE LA STATISTIQUE DU COMMERCE EXTÉRIEUR EN ITALIE. (Organisation of the Statistics of Foreign Trade in Italy). (1913, 190 pages, 16mo) . . . . .	„ 2	—
5. LES BOURSES DES PRODUITS AGRICOLES DE HAMBOURG ET BUDAPEST (The Agricultural Produce Exchanges of Hamburg and Budapest). (1913, 55 pages, 16mo) . . . . .	„ 1	—
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INTERNATIONAL INSTITUTE OF AGRICULTURE

BUREAU OF ECONOMIC AND SOCIAL INTELLIGENCE

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MONTHLY BULLETIN  
OF ECONOMIC AND SOCIAL  
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# Part I: Co-operation and Association

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## ARGENTINA.

### MISCELLANEOUS NEWS.

I. — A NATIONAL ASSOCIATION FOR THE EXTENSION OF THE DAIRY INDUSTRY. — The improvement of dairy cows and the dairy industry have for some time been making considerable progress in Argentina. The favourable conditions of the country, indeed, promise a brilliant future for this important branch of agricultural industry. What, however, is necessary is the organisation of the parties interested: association, indeed, has from remote times been one of the most effectual conditions of success in this branch of rural activity. Agricultural association in Argentina is still in its infancy (1), but, already, together with the promising experiments being made in the field of co-operative purchase and sale, especially in the provinces of Entre-Ríos and Santa-Fé, we also observe a tendency towards association among the dairy farmers.

We have already spoken in an earlier Bulletin (2) of attempts made to institute cow-testing societies. We shall now mention an event of great importance in connection with the matter.

In a meeting held in the beginning of February at the head quarters of the Argentine Rural Society, on the initiative of Dr. P. Bergès, a large group of representatives of the dairy industry laid the foundation of a national association to bear the name "Asociación Nacional de Lechería." It will become a member of the International Dairy Federation at Brussels.

The association proposes to undertake the defence of the permanent interests of the dairy industry, to urge upon the public author-

(1) See *Bulletin of Economic and Social Intelligence*, December, 1913. "The Co-operative Movement in Argentine Agriculture".

(2) See the same Bulletin, April, 1914, page 1. "Cow Testing Associations".

ities the adoption of measures for the development of the production and trade in dairy produce and to ensure that the country is represented at dairy congresses and international exhibitions.

The executive committee which is to manage the association includes six commissions, concerned: the first, with the production of the milk and the scientific maintenance of the dairy and of the cows; the second with the sale of milk for consumption and the sterilization plant; the third with the manufacture of butter; the fourth with the manufacture of cheese; the fifth with the manufacture of other dairy produce and by-products; the sixth with legislation, education and trade.

The new association, to which the principal societies, both commercial and co-operative, have adhered, hopes to exert as early as possible a beneficent action in favour of the industry which is now passing through a critical period on account of epidemic thrush and the increased provincial and municipal taxes.

(Summarised from the *Nación*, Buenos Aires, February, 1914 and the *Anales de la Sociedad Rural Argentina*, January-February, 1914).

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2. — THE WORK OF AN IMPORTANT ARGENTINE AGRICULTURAL CO-OPERATIVE SOCIETY.—The Province of Entre-Rios, the prosperous Mesopotamia of Argentina, is, with those of Buenos Aires and Santa-Fé, the district of the Republic in which agricultural co-operation is making most progress. A fine example of this promising social movement is given by the *Luca Gonzales Mutual*, which in a few years has attained considerable importance.

The society was founded in 1908 as a society limited by shares, as are most of the Argentine co-operative associations; its objects are various, including collective purchase, sale, credit and insurance.

On December 31st., 1913, it had 471 members and a capital of 140,000 pesos.

It is installed in a building of the value of 22,611 pesos, including, besides the hall for the meetings etc., a school and a workshop. It has recently built an iron shed for a warehouse at a cost of 4,500 pesos. The society has its own monthly journal: *El Colono*.

During the year it arranged grants of loans to its members to a total of 54,546 pesos, at 8 % interest, which, in the conditions of rural Argentina, is certainly not high.

It bought 50 tons of linseed for distribution among 68 members at cost price (12.50 pesos the quintal); as well as 100,000 grain bags, which it sold to members at a rate (0.29 peso each) slightly above cost price, but still below the market rate.

The *Mutual*, as we have said, also undertakes insurance, especially hail insurance; it has insured against hail 39,104 ha. sown with flax, wheat,

oats, barley, and canary grass, for an amount of 1,347,118 pesos, for which it collected 53,884 pesos in premiums (4 % of the assured value). The insured members gave bills. In the last season, 1913-1914, the society paid 14,876 pesos in claims, to 22 policy holders, the maximum claim being 2,510 pesos and the minimum 8 pesos.

The association has been exempted by the provincial government from the necessity of taking out a licence and from all dues and taxes: the other co-operative societies of the region have made application for similar concessions and a bill for the purpose is under study.

At the last general meeting, it was decided to reserve 75 % of the share capital to constitute the initial capital of the *Banco de la Colonia*, an institution already contemplated in the rules, and the necessity for which is felt more and more. This institute will be a new instrument in the hands of the society and will increase its agricultural credit business, acting as an intermediary between the members and the banks.

(Summarised from the *Gaceta Rural*, Buenos Aires, March, 1914).

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3. — A CONGRESS OF AGRICULTURAL CO-OPERATIVE SOCIETIES. — In December last year, a congress of agricultural co-operative societies was held at Santa-Fé at which 18 societies were represented: the delegates occupied themselves especially with co-operative legislation and urged the approval of a law fixing the basis and regulating the working of these associations. Up to the present indeed the co-operative societies are not regulated by special laws but are considered as societies in common law (1). Various draft laws on co-operation are awaiting discussion.

The Congress further demanded the following facilitations for the agricultural co-operative societies: exemption from all provincial and municipal taxes for ten years; exemption from the necessity of taking out a licence; reduction of rates of transport, concession of warehouses for grain by the railway companies, preferably to co-operative societies.

Further, a desire was expressed that only those should be considered co-operative societies that act in behalf of members and that societies paying dividends to directors, be prohibited from assuming this title.

Finally, the institution of a federation of agricultural co-operative societies was decided on.

(Summarised from the *Anales de la Sociedad Rural Argentina*, Buenos Aires, January-February, 1914).

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4. — CO-OPERATION AND HOME COLONISATION. — The chief problem of Argentine agricultural economy has always been that of colonisation:

(1) See *Bulletin of Economic and Social Intelligence*, December, 1913, "The Co-operative Movement in Argentine Agriculture".

the land of the Republic has need of labourers, but of labourers resident on the spot, of colonists who *arraiguen* as the people of the country say, that is become landowners and constitute a permanent rural population. Such settlers are now called for with greater insistence by the upper classes who see in them the most efficacious means for extirpating the germs of agricultural socialism which are taking root in the most fertile and populous provinces of the *grain region*. There has been no lack of bills indeed on the matter: an entire scheme of agricultural reforms, (1) in connection with the institution of the *Banco agricolo nacional*, which is to be founded, has for some time been before Congress, awaiting discussion.

Meanwhile, some of the leading persons of the *Defensa Agraria Nacional* (2) have submitted a memorial to the Minister of Agriculture, in which they lay down the lines for a system of colonisation on a co-operative basis. Taking advantage of the sympathy shown by some landowners who have offered land for the purpose, and relying on the assistance of the Bank of the Nation, until the special credit institute is founded, the *Defensa Agraria* hopes to be able to form prosperous groups of colonies by applying the co-operative principle on a large scale, starting with collective purchase and gradually going on to the other more complex forms of credit, sale etc.

A new institution, the *agricultural register*, must serve as a witness to the economic and moral situation of the colonist, and so smooth his way in working the farm. "Industry and honesty," says the report, "are a valuable capital." The colonist who possesses these qualities, when he desires to obtain a holding of his own and a credit at the bank, will enter his name in the agricultural register. Until the law appoints special offices for the purpose, the register shall be kept in those of the *Defensa Agraria*.

Each colonist, when registering, shall declare his true financial and economic situation, subject to prosecution for false declaration; he shall indicate his place of origin, the number of members in his family, the livestock he possesses and the method he proposes for purchasing the lot and shall oblige himself not to employ paid labourers. If he has debts he must declare them.

The *Defensa Agraria* shall form agricultural colonies consisting of at least 100 families on land granted by private owners; the colonists must be entered on the register. Every colony shall be formed into a co-operative credit society; every family may thus obtain a loan from the Bank of the Nation, redeemable in three years' instalments. The amounts received on credit shall be administered by the *Defensa Agraria*, which shall first of

(1) See *Bulletin of Economic and Social Intelligence*, October, 1913: "Some Indications of the Economic and Agricultural Progress of Argentina" and December, 1913, "The Co-operative Movement in Argentine Agriculture".

(2) An institution founded as a result of the agricultural crisis produced by the drought in the south of the Province of Buenos Aires and in Pampa: its object is to protect the common interests of the farmers and to encourage the development of agriculture and livestock improvement.

all found a co-operative distributive society to which every colonist shall contribute by taking a share : the balance of each loan shall be delivered to the colonist on condition of his purchasing two Berkshire or Large Black pigs, a dairy cow, plough horses, poultry, seeds etc.

These holdings must be declared by law undistrainable.

Besides the co-operative distributive society, there must be founded later on a co-operative society for the sale of the members' produce, a co-operative transport society etc.

In every colony, finally, a lot shall be reserved for a model farm to be assigned to an experienced farmer, who shall cultivate it according to the instructions of the *Defensa Agraria*. The colonists must visit this farm every week and adopt the same methods of cultivation on their own farms.

The *Defensa Agraria* will undertake to deal with the landowners : none of its officers, as is natural, shall be paid,

These proposals seem to have met with the approval of the Minister of Agriculture.

(Summarised from the *Nación*, Buenos Aires, February 27th., 1914).

## AUSTRIA.

### REGISTERED CO-OPERATIVE SOCIETIES AND FEDERATIONS ON JANUARY 1st., 1913.

The "*Oesterreichische landwirtschaftliche Genossenschaftspresse*" in its issue of February 19th., (No. 255) 1914, published statistics of the registered co-operative societies and federations in Austria on January 1st., 1913, in accordance with information supplied by the I. R. Central Statistical Commission. It appears from the article that, while in the preceding fifteen years there was a constant increase in the number of new societies founded, reaching its maximum in 1911 with 1,646 new registered institutions, in 1912 there was a falling off; in fact, the number of new societies founded that year was only 1,365. The increase, which in 1912 was 10 %, fell to 7.2 %, while the dissolutions increased from 1.7 to 1.8 %.

The reason for this is that recent events have shown the advisability of proceeding very cautiously in the foundation of new societies; at the same time weaker organizations have disappeared. The increase in the different groups was: in the Schulze Delitzsch credit co-operative societies 7.1 %, in the Raiffeisen Banks 4.1 %, in the distributive societies 7.3 %, in the agricultural societies 10.6 %, in the industrial societies 12.2 %, in the group of co-operative building societies, now making great progress, 25.1 % (in 1911 56.4 %) and in the small group of the remaining societies 14.8 %).

The farmers have displayed the greatest activity in behalf of their organization; 26.5 % of the entire increase is represented by agricultural co-operative societies and 24.6 % by the Raiffeisen rural banks; then come the other co-operative credit societies, 19.9 %, the industrial societies 10.2 %, the building societies 11 % and the distributive societies 7.3 %. However, the share of the farmers in the decrease, represented by the dissolution of 347 societies, was also large; in fact, 32.2 % of the entire decrease was in agricultural co-operative societies and 3.7 % in rural banks; then 2.3 % in industrial societies, 14.7 % in the other co-operative credit societies, 16.7 % in distributive societies, and 8 % in building societies.

As regards the increase and decrease in the various provinces, there is first of all to be noted an extraordinary activity in Galicia in the direction of founding societies; in this province, in 1912, the co-operative societies increased 11.1 %; the province thus shared in the total increase to the amount of 34.2 %.

The decrease in this province was only 1.5 %, or 18.4 % of the total number of dissolutions in the year. In Bohemia there was an increase of 7.1%, corresponding with 25.4 % of the total increase, and 2.0 % of the Bohemian societies were dissolved, that is to say 27.4 % of the total number dissolved. Moravia shared in the total increase in the proportion of 10.7 %. In the other provinces the increase was in proportion to their economic development. In Carniola and Trieste there was indeed an increase but not as great as in the preceding year. In 1912 Trieste lost 8.3 % of its societies and Carniola 7.4 %.

In Galicia 162 Schulze-Delitzsch banks were founded, that is to say the majority of those founded in 1912: however, at the same time, 30 were dissolved. In Galicia also the largest number of Raiffeisen Banks (136) were founded.

The largest number of distributive societies (42) were registered in Bohemia, in this kingdom also the largest number of societies (24) were dissolved. The provinces in which there was the largest increase of agricultural co-operative societies were Galicia (109), Tyrol (55) and Lower Austria (40): the largest number of dissolutions in this group took place in Bohemia (32) and Carniola (24). There were 52 new industrial societies founded in Bohemia, 31 in Galicia and 22 in Moravia; the largest numbers dissolved belonged to Bohemia and Galicia (17 in each case). With regard to the building societies, Bohemia comes first with 74 new foundations, then Moravia and Vienna with 17 each; there were 12 societies of this group dissolved in Bohemia, and 4 in Moravia and Vienna each.

The following table is drawn up from information given in the above article of the "*Oesterreichische landwirtschaftliche Genossenschaftspresse*".

Date	Number of Registered Co-operative Societies	Co-operative Credit Societies	Co-operative Distributive Societies	Agricultural Co-operative Societies	Industrial Co-operative Societies	Co-operative Building Societies	Other Co-operative Societies	Federations
January 1st., 1912 .	17,819	11,579	1,428	3,175	1,099	478	54	92
January 1st., 1913 .	18,837	12,123	1,471	3,425	1,161	601	56	95
Increase . . . . .	1,365	608	101	362	141	151	8	4
Diminution . . . . .	347	64	58	112	79	28	6	1

These 18,837 registered societies may be distributed as follows according to nationality:

German . . . . .	N <sup>o</sup>	6,538	(= 34.7 %)
Bohemian . . . . .	»	5,303	(= 28.2 %)
Polish . . . . .	»	2,917	(= 15.5 %)
Ruthenian . . . . .	»	1,525	(= 8.1 %)
Slovenian . . . . .	»	952	(= 5.1 %)
Serbo-Croat . . . . .	»	488	(= 2.5 %)
Italian . . . . .	»	896	(= 4.8 %)
Roumanian . . . . .	»	218	(= 1.1 %)
Total . . . . .	N <sup>o</sup> .	18,837	(= 100 %)



## CANADA.

### I. THE SASKATCHEWAN CO-OPERATIVE ELEVATOR COMPANY.

*The following article has been supplied to us by Mr. T. K. DOHERTY, Canadian Correspondent of the International Institute of Agriculture, under whose direction it was prepared.*

#### §. I. INCORPORATION AND POWERS

The Saskatchewan Co-operative Elevator Company was incorporated by the Saskatchewan Legislature in March, 1911. It was created in response to the requests of the organised farmers of Saskatchewan, who claimed they were not fairly treated by the corporate interests which, in a measure, controlled the grain trade. Its purpose was to establish a company of farmers as well directed and as strong financially as any existing corporation in the grain trade and thereby raise the standard of business practice and insure a larger measure of fair dealing.

By the Act of incorporation the company is given power "to construct, acquire, maintain and operate grain elevators within Saskatchewan, to buy and sell grain, and generally to do all things incidental to the production, storing and marketing of grain."

The capital stock of the company is not a fixed amount as is the case with ordinary companies: it may be changed from time to time by the Government. This is because the Government loans the company a large percentage of its subscribed capital and therefore has retained the control of the amount of stock the company may issue. The stock is divided into shares of fifty dollars each which can be held only by farmers, and no person can hold more than twenty shares. Only 15 % of the face value of the shares need be paid in cash; the remaining 85 % is subject to call. The liability of a shareholder is limited to the amount of stock he holds.

The company is to establish local elevators at different points, and each of these elevators will have a local Board of Management. The central management is in the hands of a Board of nine directors, elected

at the general meetings of the company, who exercise all such powers of the company as are not by the Act required to be exercised by the company in general meetings or as are not conferred by by-law of the company upon the local Boards of Management, and any other powers not contrary to the provisions of the Act which may be conferred upon them by the by-laws of the company. Wide powers have been given to the Board of Directors because such a central body has a great advantage over a number of scattered units in such matters as selling the grain, employing managers, inspecting elevators and records, purchasing building materials and supplies, making financial arrangements, etc.

## § 2. LOCAL ELEVATORS.

Any number of shareholders may request the directors of the company to buy one of the elevators at their shipping point, or to build a new one. It must appear to the satisfaction of the directors " that the amount of shares held by the supporters of the proposed local elevator is at least equal to the value of the proposed elevator, that fifteen per cent. of the amount of such shares has been paid up and that the aggregate annual crop acreage of the said shareholders represents a proportion of not less than 2,000 acres for each 10,000 bushels of elevator capacity asked for. " These requirements are designed to secure and retain the interest and support of a sufficient number of the actual grain-growing farmers to insure the success of the local elevator even if no grain other than that grown by shareholders were handled by the elevator. No pledge or guarantee of any kind is required of the shareholder. He is as much at liberty as any other farmer to ship his grain as he pleases or to sell it to the highest bidder. His interest in the company, however, makes it practically certain that he will do his business through it.

Each local elevator has a Board of Management consisting of five of the shareholders elected annually. At all meetings of the supporters of the local elevator each shareholder has one vote for each share held by him up to five. The local elevators are represented by delegates at the general meetings of the Company.

## § 3. GOVERNMENT ASSISTANCE.

By the Act the money for the work of organisation of the company was to be given by the Government to the extent of \$6,000 if necessary. This was not to be repaid by the company. The Government lends to the company, for the purpose of aiding in the acquisition or construction of any local elevator a sum not exceeding eighty-five per

cent. of the estimated cost of the elevator. This money is repayable in twenty annual instalments.

For the purpose of carrying on its business the company may borrow from a bank on the security of part of its stock that is not paid up. It may hypothecate to the bank the grain which it will buy, and it may mortgage any real or personal property rights and assets it acquires. The Government neither gives nor loans to the company any money with which to buy grain or carry on any other lines of business.

#### § 4. DIVISION OF PROFITS.

The balance remaining of the money earned by the company, after expenses of operating and maintaining the elevators and the amounts due to the Government on loans are paid, is distributed as follows:

1. The company may at its discretion pay out of the surplus to each shareholder a dividend of not more than ten per cent.

2. If after the said dividends, if any, are paid, there remains a balance on hand the company may at its discretion distribute:

(a) To the shareholders of the company such sums as may be fixed by the company but not exceeding fifty per cent. of such balance on a co-operative basis, each shareholder being entitled to receive such sum hereunder as shall be fairly and equitably proportionate to the volume of business which he has brought to the company; or

(b) To the supporters of locals such sums as the company may fix but not exceeding fifty per cent of such balance on the basis of the aggregate relative net financial results of the respective locals: or

(c) To the shareholders and supporters of locals partly according to each of the schemes of distribution provided for in clauses (a) and (b) of this subsection such sums as the company may fix but not exceeding on the aggregate fifty per cent. of such balance.

(d) Or in lieu of any or all of the payments authorized under this or the next preceding subsection as aforesaid it may apply such surplus or balance to the extent of fifty per cent. thereof for the general purposes of the company or in making provision for the same.

#### § 5. THE WORK OF THE COMPANY.

Since its inception the company has been increasingly successful in its work. During the year ending July 31st., 1913, 137 elevators were operated. There were handled by these elevators 12,899,930 bushels of grain, 4,384,635 bushels of which were purchased by the company and 8,514,395 bushels specially binned for farmers. The commission department of the Company at Winnipeg handled 8,515,037 bushels of grain

on commission, and also sold for the elevator department 4,246,649 bushels of the company's purchased grain. The profits for the year amounted to \$ 167,926.86.

The authorized share capital was \$ 2,000,000 of which \$ 1,514,350 were subscribed and \$ 227,152.50 paid up.

A successful future seems to be assured for the company. In November, 1913, the number of local elevators had increased to 192, comprising 13,156 shareholders holding a total of 36,362 shares. Sixty-three persons are employed at the head office, 22 at Winnipeg office and 310 men in the operating department. In addition 145 men were employed in the construction department.

Looking forward to the future development of the company as a factor in the grain marketing situation, the necessity of some action by the company in regard to the carrying of the grain of its patrons further than to the head of the Great Lakes, is being considered by the directors. A close study of the financial and other problems connected with carrying the grain grown by Saskatchewan farmers right through to the consumer is now being conducted, and there is every reason to believe, provided financial arrangements can be made, that the company may be able to effect an improvement in the prices realized by the producer by extending the area of its operations right through to Europe.

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## 2. COUNTRY SCHOOL CLUBS.

### OFFICIAL SOURCES :

SCHOOL FAIRS IN CANADA. Information supplied by the several Provincial Departments of Agriculture to the "Agricultural Gazette of Canada", published by the Department of Agriculture, Ottawa, 1914.

### OTHER SOURCES :

ARTICLES, NOTES etc., in the Canadian Agricultural Press.

The Canadian Country School Boys' and Girls' Clubs, have only been founded within the last few years and in their general principles they resemble those of the United States (1).

Their objects are as follows: (1) to make farmers' children acquainted with the most improved systems of agriculture, livestock

(1) See *Bulletin of Economic and Social Intelligence*, 2nd. year, No. 1.

improvement etc.; (2) to arouse their interest in field life, show them the possibilities of comfort and of profit afforded by agriculture as compared with other occupations; to educate the young to love nature and appreciate her beauties; (3) to habituate them to the organization of labour, and to the search for means by which to succeed in the economic contests of to-day.

The organization of these associations is not uniform in all the Canadian provinces; however, they are generally inspired by the same principles.

Whilst among the various schoolfellows there should reign the most cordial fellow feeling, it is attempted to keep alive in them a noble spirit of emulation to urge each to do his best. Therefore, the first aim of these School Clubs is to found school fairs, either independently or in connection with the local or provincial agricultural shows. These school fairs are awakening great interest among maturer agriculturists; often private persons offer prizes in money or under other forms; the agricultural papers print the portrait of the prize winner with laudatory remarks. This is enough to excite in the mind of the young the desire to learn, to make progress, to struggle and to taste the sweet satisfaction of victory.

Let us now give some information in regard to the work of these associations, briefly describing their action in the various parts of Canada:

*Nova Scotia.* — In Nova Scotia the movement for the formation of School Clubs, though of very recent origin, bids fair to produce good results. Already various fairs have been held.

In 1913 various circulars were addressed to the scholars, their masters and parents, explaining the aims and objects of the organization and requesting their co-operation.

We think it well to reproduce in full the form of Constitution and By-laws of these Nova Scotia clubs, to give a clearer idea of their organization and working.

#### CONSTITUTION.

I. NAME. — This Club shall be known as the (Name of Section) . . . School Children's (Name of Product) . . . Club.

II. PURPOSES. — The purposes of this Club are: — to make out door life more attractive; to increase our knowledge of Nature in all her forms; to make our best approach the best in garden production; to experiment in the selection of garden seeds, the use of fertilisers and the cultivation of the soil; in short to improve ourselves, our homes, our school and our town in every way we possibly can.

III. MEMBERS. — Any pupil over ten years of age shall be eligible for membership. Those under ten who have reached Grade V are eligible.

IV. OFFICERS. — The officers of the club shall be a President, Vice-President and Secretary. The teacher shall have the general supervision of the club work. Officers shall be elected semi-annually.

V. REPORTS. — The Secretary shall send a Report not later than December 1st. of each year to the Director of Rural Science Schools, Truro, N. S.

VI. MEETINGS. — The Club shall meet fortnightly, or as often as suggested by the teacher. It is desirable that the parents attend the club meetings.

#### BY-LAWS.

1. Members of the club must conduct themselves properly at all times; and must read from literature that will help them in their work.

2. Members are permitted to choose club COLORS; and may make pennants for display at their meetings, at exhibits and wherever deemed proper by the teacher.

3. In contesting for garden prizes, the produce and the land must be measured by the pupil and certified by two disinterested persons.

4. No pupil may win more than two prizes until every contestant has received a prize.

5. In estimating profits, two dollars per acre shall be charged as rent for the land. The boy's work shall be valued at 10 cents an hour. Horse work shall also be 10 cents an hour. Manure shall be charged at \$ 1.00 per cart load.

Seeds and commercial fertilizers shall be charged at their actual cost. The use of hand tools shall be charged each year at the rate of one tenth of their cost. (With care they should last ten years).

6. Prizes shall be awarded on the following basis:

Greatest yield per acre . . . . .	20	points.
Best exhibit of produce. . . . .	20	»
Best kept garden. . . . .	20	»
Best written account of work . . . . .	20	»
Best profit on investment. . . . .	20	»

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Total . . . 100 points.

With regard to the manner in which these fairs are started and conducted, we reproduce the remarks of a school master (1).

(1) From a letter by Mr. B. S. Banks, Principal of the Lawrencetown School, Annapolis County, Nova Scotia, to the "Agricultural Gazette" of Canada.

“ Leading citizens, who were willing to guarantee the prize money, called a public meeting, at which a board of management and a committee to formulate Rules and Regulations were appointed.

“ Special emphasis was laid upon “ Home Gardens ” planted and cared for by the pupils. The “ Garden Committee ” inspected these gardens at least three times during the season, as the prizes in this department were awarded according to the care taken.

“ The exhibits must be the bona fide production of the pupils, including not only his own garden products, of which he must exhibit a sample of everything grown, good or bad; but insects, mounted and named with life history; pressed wild plants; drawings of harmful and useful birds; potted plants; any production in wood, clay or metal, useful or ornamental; collections of native woods; sewing, patching, darning, knitting, painting, writing, essays etc.

“ In the three exhibitions so far held, the prize money has been derived from an entrance fee of ten cents and from the sale of ice-cream and confectionery, contributed by the citizens and made and sold by the pupils to the visitors at the fair.

“ Greater interest is shown by the trustees and parents. Women leave their home duties to teach the pupils needle work on two afternoons per week, as we have no manual training teacher proper.

“ From my experience, I can safely say that in any section where co-operation exists between the trustees, parents and pupils, it is possible to have a very successful School Fair.”

*Quebec.* — In Quebec the initiative in the matter of School Agricultural Associations has been taken by the Poultry Department of Macdonald College, Ste Anne de Bellevue, which has promoted Girls' and Boys' Poultry Clubs throughout the Province.

The meetings of these associations cannot usually be held regularly or with sufficient frequency; so in order to maintain contact between the members, to keep the object in view and to preserve interest in it, the Poultry Department of Macdonald College publishes a pamphlet every month, which will be sent to all members. The contribution is 10 cents.

Three associations have been founded: the “ Girls' and Boys' Poultry Club ” at the Lennoxville Academy with 23 members; a second at the Cookshire Academy with 63 members and at the Shawville Academy a third, also with a membership of 63. A board of officers, consisting of a president, vicepresident, treasurer and secretary, is elected by the pupils from among their number. The initiators of the movement hope that every school may have just such a club as here organized, and each school send in a representative to a central club to deal exclusively with the arrangements for exhibiting the products at the fairs.

In this way the pupils will be habituated to a rather complex organization of labour, not without its responsibilities: and this is an excellent way to develop their character, to bring out their individualities, and prepare them early for co-operative work.

The first school fair in Quebec Province was held in Pontiac County in connection with the County Agricultural Fair; the result was excellent; but it was decided in future to hold the school fair separate, as the work of the children was overshadowed by the larger exhibits.

*Ontario.* — The organization of the Ontario clubs is somewhat different from that of those of Nova Scotia and Quebec. The preliminary work is undertaken by district representatives of the Department of Agriculture, who select a certain number of schools which converge to one centre. Each school is visited and the idea of holding a Fair in Autumn, open solely to the exhibits of the children, is explained. The school is asked to nominate one boy or girl to act as Director of the Rural School Fair Association of the district. Sometimes, the teacher selects the director, but more frequently he or she is elected, and it has been found that the children invariably elect the best boy or girl to represent them.

The district representative then offers to supply seeds or a limited number of eggs to pupils desiring to enter, the condition being that they must exhibit the return from what they have taken.

When all the schools have named their directors, a meeting of the Association is held, usually in the office of the district representative, and a President, Vice-President and Secretary are elected from among the boys and girls. They are left as independent as possible, so that they may act freely and may accept the responsibility for their work.

During the summer season the district representative or his assistant visits each of the contestants at home, so as to judge of their work and get into touch with the parents. The fair is held in September or October; a convenient school being generally chosen as the site, right on the cross-roads, so as to be easily accessible to the various contestants.

The clubs have made very rapid progress in Ontario. In 1913, 69 Rural School Fairs were held in 31 counties, taking in the children in 531 schools, making a total of 18,652 entries and having an attendance of 33,375.

*Manitoba.* — Also in Manitoba, the Boys' and Girls' Clubs have made considerable progress, thanks to grants received from the School Board and the Agricultural Society. In 1913 eight club fairs were held.

*Saskatchewan.* — In Saskatchewan, not only does the Government give aid to these clubs, but various agricultural associations of the province have shown considerable interest in them and have offered about twenty five hundred dollars in prizes. So that rapid progress may be anticipated.

From what we have said above, it is clear that the enlightened action of the Agricultural Departments of the various provinces and the other organizations that have promoted these clubs is worthy of all praise for the initiation of a most useful work and for not having shackled it with too many regulations and excessive supervision.



Everything connected with these clubs is eminently practical; for the pupils do not in this way derive a merely theoretical knowledge of agriculture, but are brought into direct and immediate contact with it. Besides, as regards the organization of the clubs and fairs, the scholars, are left the greatest liberty of action, so that they may early develop such qualities as may prepare them for future difficulties.

The clubs are also an excellent means for combating rural exodus. When the children have already obtained good results from their farm work, they are less likely to abandon the country to try their fortune in the cities. They, finally, will be a potent influence for technical improvement of agricultural systems; a knowledge of new methods, new seeds, new breeds of livestock, of which it is improbable trial would otherwise be made, is diffused in the country by the authorities through these clubs. Older farmers, considering with sympathy the attempts and successes of these children, have more than once profited by their experience.

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### 3. MISCELLANEOUS NEWS.

RECENT WORK OF THE WOMEN'S INSTITUTES. — Although we have already once before dealt with the Canadian Women's Institutes in this Bulletin (1), it will be well to give some further particulars with regard to them, especially as in our former article we were only concerned with the Province of Ontario. And also these Women's Institutes — the very name indicates their eminently educational object — have powerfully contributed to improve the position of the Canadian farmwomen, while also raising their intellectual level, and therefore justify the interest they have aroused, even beyond the limits of the country in which they had their origin. They have been copied with excellent results, especially in the United States, where similar associations have arisen and have made abundant progress (2).

For the internal organization of the Canadian "Women's Institutes", we refer our readers to the article above mentioned.

(1) See our number for May, 1913.

(2) See our number for April, 1912.

Let us now proceed briefly to consider the recent work of these associations in some of the provinces of Canada, beginning with

*Ontario.* — Here they were first founded and here their development has been most remarkable. At present there are 800 of them, with about 25,000 members. In the year 1912-13, lecturers were sent to 1,377 meetings and 6,204 meetings were held without the assistance of outside lecturers. After some years of a somewhat superficial consideration of domestic science and health problems, the members of the Institute appreciate to the full the systematic courses which are now being offered. In the year 1912-1913, 1,667 persons attended the demonstration lecture courses.

We shall now give the items of the revenue and expenditure of the Ontario Farmwomen's Clubs in the year 1912-1913.

<i>Revenue.</i>	<b>Dollars</b>	<i>Expenditure.</i>	<b>Dollars</b>
	—		—
Cash on Hand per Last Report . . .	14,257	Expense for Meetings . . . . .	2,142
Members' Fees . . . . .	5,728	Officers' Salaries and Expenses . . . . .	2,898
Grants . . . . .	6,534	Postage and Stationery . . . . .	995
Miscellaneous, . . . . .	19,674	Printing and Advertising, . . . . .	1,783
	—	Lecturers' Expenses and Wages . . . . .	1,599
Total Receipts . . . . .	46,193	Books and Periodicals, . . . . .	1,550
		Miscellaneous, . . . . .	16,905
			—
		Total Expenditure . . . . .	27,872

Credit Balance 18,321 Dollars.

*Manitoba.* — In this province these associations are called Home Economic Societies. Their progress has been very rapid recently. The Department of Agriculture, through the Agricultural College, has directed the work and appointed special inspectors and lecturers to travel through the province, organize new societies, give courses of instruction in those already existing and supervise their work.

Under the direction of the Agricultural Department of the High School at Holland (Manitoba), night classes have been arranged in dairy science and home science.

*British Columbia.* — There are thirty five women's Institutes in this province, incorporated under the Agricultural Associations Act, with a membership of over 2,000. The work of these institutes has been greatly aided by the Provincial Department of Agriculture and the sum of \$ 2,500 was set aside out of the Federal grant for short course work in connection with Women's Institutes.

*New Brunswick.* — In New Brunswick, there are 1,000 members in 41 local "Women's Institutes".

In *Saskatchewan* and *Alberta*, domestic science courses have been held, though not directly in connection with women's institutes.

Let us close these brief notes with a few figures showing the amounts granted to the various provinces by the Federal Government under the Agricultural Instruction Act, for the Women's Institutes and Domestic Science Instruction.

<i>Prince Edward Island :</i>	Dollars
(Women's Institutes) . . . . .	3,000
<i>Nova Scotia :</i>	
(Organization of Women's Institutes) . . . . .	1,000
<i>New Brunswick :</i>	
(Organization of Women's Institutes and other Associations for Women in the Rural Districts). . . . .	3,000
<i>Quebec :</i>	
(Domestic Science) . . . . .	7,000
<i>Ontario :</i>	
(Women's Institutes, with courses of instruction in Cooking, Dress-making etc.) . . . . .	6,500
<i>Manitoba :</i>	
(Journeys of a Domestic Economy Teacher, including Expenses, 2,500, Home Economic Societies Demonstration Work Equipment, 2,500). . . . .	5,000
<i>Alberta :</i>	
(For Domestic Science) . . . . .	2,000
<i>British Columbia :</i>	
(For Short Courses in Domestic Science, Hygiene, Home Treatment of the Sick, Dressmaking, Cooking etc. in connection with Women's Institutes) . . . . .	2,500

The amount of these grants clearly shows the interest the public authorities are taking in the women's institutes and the importance they rightly attach to them.

(From the *Report on the Women's Institutes of the Province of Ontario 1915. Part I*, published by the Ontario Department of Agriculture, Toronto, 1915 and the *Agricultural Gazette of Canada*, published by the Department of Agriculture, Ottawa, Canada. Numbers for January, March, and April, 1912).

## FRANCE.

### RURAL CO-OPERATIVE BAKEHOUSES.

#### SOURCES:

STATISTIQUE DES SOCIÉTÉS CO-OPÉRATIVES DE PRODUCTION (*Statistics of Co-operative Societies for Production*). *Bulletin du Ministère du Travail et de la Prévoyance sociale*, November, 1913.

ROCQUIGNY (Comte de): Une Enquête sur les boulangeries coopératives rurales (*An Enquiry into the Rural Co-operative Bakehouses*). *Musée Social*, December, 1899.

#### § I. IMPORTANCE OF BAKEHOUSES IN THE CO-OPERATIVE MOVEMENT IN FRANCE.

The co-operative bakehouses occupy an important position among French co-operative distributive societies. The latest official statistical return compiled from the annual statements of the prefects shows that out of 3,145 co-operative distributive societies of which the existence was known on January 1st., 1913, 2,148 were exclusively bakehouses. Of these 1,160 communicated the number of their members and the amount of their turnover; the total number of members was 272,159 and the total turnover 61,755,500 frs. In addition, 71 bakehouses only communicated the number of their members, 8,546.

The following table shows the distribution of these bakehouses per department. No co-operative bakehouse was reported from the departments not shown in the table.

Department	Total Number of Co-operative Bake-houses	Bakehouses Reporting Number of Members and Amount of Turnover			Bakehouses only Reporting Number of Members	
		Bake-houses	Members	Turnover	Bake-houses	Members
Ain . . . . .	5	4	598	103,000	1	60
Aisne. . . . .	33	33	6,667	1,730,000	—	—
Allier . . . . .	3	3	1,007	256,000	—	—
Basses-Alpes . . . . .	2	2	191	66,000	—	—
Hautes-Alpes . . . . .	1	1	171	64,000	—	—
Ardèche . . . . .	7	6	986	176,000	1	17
Ardennes . . . . .	22	22	4,001	1,240,500	—	—
Ariège . . . . .	1	1	66	27,000	—	—
Aube . . . . .	16	15	2,349	1,064,000	1	87
Aude . . . . .	2	1	104	23,500	1	70
Aveyron . . . . .	10	8	2,248	402,500	2	145
Bouches-du-Rhône . . . . .	15	14	1,780	455,500	1	73
Calvados . . . . .	2	2	368	86,000	—	—
Cantal . . . . .	2	2	485	78,500	—	—
Charente . . . . .	54	44	8,352	3,000,500	9	1,189
Charente-Inférieure . . . . .	213	195	31,420	6,577,500	15	1,178
Cher . . . . .	7	7	1,461	338,500	—	—
Corrèze . . . . .	5	5	1,183	216,000	—	—
Côte-d'Or . . . . .	6	6	986	335,000	—	—
Creuse . . . . .	1	1	196	87,500	1	30
Dordogne . . . . .	8	7	4,780	694,000	—	—
Doubs . . . . .	3	3	751	220,000	—	—
Drôme . . . . .	2	2	449	71,500	—	—
Eure-et-Loir . . . . .	1	1	460	75,000	—	—
Finistère . . . . .	2	2	350	65,000	—	—
Gard . . . . .	34	34	5,190	790,500	—	—
Haute-Garonne . . . . .	2	1	82	40,000	1	70
Gers . . . . .	17	15	2,169	515,000	2	477
Gironde . . . . .	99	93	14,651	3,296,000	5	499
Hérault . . . . .	9	8	1,111	230,500	—	—
Indre . . . . .	2	2	167	77,000	—	—
Indre-et-Loire . . . . .	30	28	6,845	1,442,500	2	181
Jura . . . . .	3	3	226	63,000	1	90
Landes . . . . .	8	7	1,166	335,500	—	—
Loir-et-Cher . . . . .	15	15	1,467	268,000	—	—

Department	Total Number of Co-operative Bake-houses	Bakehouses Reporting Number of Members and Amount of Turnover			Bakehouses only Reporting Number of Members	
		Bake-houses	Members	Turnover	Bake-houses	Members
Loire . . . . .	16	16	3,957	708,000	—	—
Haute-Loire . . . . .	5	5	623	91,500	—	—
Loire-Inférieure . . . . .	5	5	2,742	515,000	—	—
Loiret . . . . .	4	3	2,330	469,000	1	158
Lot . . . . .	1	1	227	27,500	—	—
Lot-et-Garonne . . . . .	14	12	1,794	340,500	2	375
Lozère . . . . .	2	2	278	36,500	—	—
Maine-et-Loire . . . . .	6	5	1,278	288,500	1	92
Marne . . . . .	3	3	650	130,000	—	—
Haute-Marne . . . . .	1	1	172	41,500	—	—
Mayenne . . . . .	1	1	500	110,000	—	—
Meuse . . . . .	1	1	56	8,500	—	—
Morbihan . . . . .	20	20	5,353	1,090,000	—	—
Nièvre . . . . .	7	5	644	176,000	—	—
Nord . . . . .	66	62	52,390	12,328,000	2	315
Oise . . . . .	11	11	3,341	549,500	—	—
Pas-de-Calais . . . . .	8	7	1,703	344,000	—	—
Puy-de-Dôme . . . . .	16	16	1,991	379,000	—	—
Basses-Pyrénées . . . . .	4	3	1,070	281,500	1	750
Hautes-Pyrénées . . . . .	2	1	150	108,000	—	—
Pyrénées-Orientales . . . . .	2	2	238	46,000	—	—
Haut-Rhin (Belfort) . . . . .	2	2	1,040	169,000	—	—
Rhône . . . . .	23	23	6,905	1,148,000	—	—
Saône-et-Loire . . . . .	54	54	7,187	3,669,000	—	—
Sarthe . . . . .	7	7	1,681	279,500	—	—
Haute-Savoie . . . . .	5	5	582	100,000	—	—
Seine . . . . .	3	3	1,575	305,000	—	—
Seine-Inférieure . . . . .	4	4	11,172	861,000	—	—
Seine-et-Marne . . . . .	12	12	2,077	694,000	—	—
Seine-et-Oise . . . . .	9	9	2,997	680,000	—	—
Deux-Sèvres . . . . .	101	97	23,150	4,636,500	3	392
Somme . . . . .	8	6	1,432	421,000	2	269
Tarn . . . . .	6	4	651	118,500	1	250
Tarn-et-Garonne . . . . .	5	5	963	149,500	—	—
Var . . . . .	22	18	1,961	371,000	2	235

Department	Total Number of Co-operative Bake-houses	Bakehouses Reporting Number of Members and Amount of Turnover			Bakehouses only Reporting Number of Members	
		Bake-houses	Members	Turnover	Bake-houses	Members
Vaucluse . . . . .	29	19	1,785	396,000	10	712
Vendée . . . . .	38	37	7,330	1,511,000	—	—
Vienne . . . . .	44	43	6,473	1,903,500	1	117
Haute-Vienne . . . . .	7	7	1,431	255,500	—	—
Vosges . . . . .	41	40	5,887	1,459,000	1	95
Algeria-Oran . . . . .	1	—	—	—	1	120
Total . . . . .	1,248	1,160	272,159	61,775,500	71	8,546

Besides these bakehouses properly so called, there are 622 co-operative societies reported as selling both bread and other articles. Of these 622 societies, 608 communicated both the number of their members (282,247) and the amount derived from their sales, whether of bread or other articles (128,820,500 frs.).

The prefect of Ardennes was able to obtain most interesting information with regard to the amount derived exclusively from the sale of bread by a certain number of societies in his department engaged at the same time in the sale of bread and that of other articles. In 35 societies the total turnover was 4,166,000 frs. and the amount derived from the sale of bread alone 1,573,000 frs. The enquiry did not obtain similar information in the case of the other departments.

It is to be observed further that the information obtained did not always show which of these societies, whether co-operative bakehouses or societies selling both bread and other articles, made their bread themselves. Only the prefect of Ardennes could obtain this information; the 21 bakehouses in his department made their own bread, as did also 31 out of the 32 societies reporting to the enquiry, which were engaged at the same time in the sale of bread and of other articles. It is to be presumed that many societies do so: yet there are some which only sell bread obtained from a baker.

Let us finally point out that in the case of some bakehouses in rural communes it is not easy to estimate the turnover, as these societies supply members with bread in exchange for wheat. The prefects reported 35 societies of this character (Basses-Alpes, 1; Bouches-du-Rhône, 4; Charente, 12; Charente-Inférieure, 8; Gironde, 2; Meuse, 1; Oise, 2; Basses-Pyrénées, 1; Hautes-Pyrénées, 1; Deux-Sèvres, 1; Var, 2).

## § 2. DIFFERENT KINDS OF RURAL CO-OPERATIVE BAKEHOUSES.

These rural co-operative bakehouses which, unfortunately, the official enquiry has not distinguished separately, tend to penetrate into every region, following in some sort, step by step, the foundation of industrial bakehouses, promoted on its side by the progressive abandonment of the old custom the farmers' families had of baking their own bread.

The rural co-operative bakehouses assume, according to the enquiry of the *Musée Social*, three special forms :

1st. The private civil society, very widely spread in the region of Charente and la Vendée ;

2nd. The society with variable capital and variable number of members, which is the ordinary type of co-operative distributive society ;

3rd. The civil society *en commandite simple*, which seems to be peculiar to Touraine.

We shall consider these three types in order.

I. *The private civil society*. — This kind of society is governed by the provisions of the Civil Code ; its legal form has the advantage that there are no essential formalities for its constitution and that it is exempt from fiscal charges and taxes ; it is thus perfectly adapted for local institutions of a very marked family character. The joint and several liability of members is expressly laid down in the rules.

The rules of the Breadmaking Society of Coulon (Deux-Sèvres), founded in 1881, begin with the following preamble :

“ The Coulon Breadmaking Society is a mutual organization, the special object of which is to purchase flour for cash, make bread and supply it to its members on more favourable terms than are usually given by the trade. Good quality, uniform weight and moderate prices are the three principal guarantees it offers. By buying wholesale it counts on saving the consumers what they would otherwise have to pay the middlemen. ”

The members of the co-operative bakehouses of the West do not pay an annual contribution : they pay a simple entrance fee, generally fixed at 8 or 10 frs., a part of which, considered as a share, may be refunded without interest, when the situation of the society allows. But, by a provision quite in accordance with the fraternal solidarity by which the co-operators must be united, persons are often exempted from payment of this entrance fee when they are well known to be unable to pay, and orders for bread are given them on the same conditions as to the other members, “ without their having any share in the profits or losses of the society ”, as is stated in the rules.

Members reaping their own grain, have a right to bake at home, but they are bound to deliver to the society a quantity of bread usually fixed at half that of the household's weekly consumption. They may send their grain to the co-operative bakehouse and receive orders for bread in exchange ; the grain is sorted by the society and the price fixed by the



office at the market rate. Yet the member's grain accepted is limited to the requirements of the bakehouse, and no more is received when there is a sufficient quantity in the warehouse.

The price of the bread is fixed, at the end of each month, by the office in accordance with the general expenses of the previous month and the cost price of the merchandise utilised in the month. Orders for bread are sold to the members for cash; they may also obtain flour, bran, embers and ashes either in return for orders or for cash. The mayors of the communes in the district of the society have the right, on 48 hours' notice to the secretary and book-keeper, to take from the bakehouse the amount of bread allowed to the the poor; payment is only made at the end of each month or quarter by the Charity Bureau. The members cannot, under pain of expulsion, sell the bread or any other article supplied by the society; but exception is made in favour of innkeepers who are authorised to supply themselves in order to meet the requirements of their profession, and this is perhaps a slight deviation from co-operative principles.

The society is administered by a bureau and a committee of supervision appointed at the General Meeting of shareholders. The members appointed may not refuse office under penalty of a fine. The paid employees are a baker, a bread porter and a secretary and bookkeeper; they are appointed by the bureau and must give security: these offices, for which there are many applicants, are often put up to tender.

In case the dissolution of the society becomes necessary, it is decided on at the General Meeting and the bureau is entrusted with the liquidation, the profits or losses being distributed among all the members in proportion to the total amount contributed by each since the society's foundation.

2. *The society with variable capital and variable number of members.* — The bakehouses of this type are regulated by law of July 24th., 1867 on societies.

Their legal object is the purchase of wheat or flour and the exclusive manufacture of bread under the best and cheapest conditions possible. The capital is generally 2,000 or 3,000 frs. An excellent example of this type is the co-operative bakehouse of Montchanin-le-Haut (Saône-et-Loire), founded in 1880 with a capital of 2,000 frs. in 50 francs shares. The first payment of 20 frs., to be made at date of subscription, gives a right to bread on credit for a month: on the first Sunday of each month the accounts in the passbooks are regulated and payments made. The member who ceases his orders for bread without sufficient reason has ten francs deducted from his share of the capital, to pay the costs of settlement of his account. In conformity with the rules regulating these societies, the obligation incurred by each member is limited to the payment of his subscription. The society is administered by a board of nine members, elected at the members' general meeting for three years, a third of the number of members being elected every year; the secretary and the cashier, elected in the same way, are members of the board by right of office. The cashier is bound to give security to the amount of the initial capital. Four commissary members, ap-

pointed each week, in numerical order, are charged to inspect the whole business of the bakehouse. An ordinary general meeting is held every four months. Every six months there is a general taking of stock, and, every month a statement is made of the whole assets and liabilities of the society; these documents are posted at the head office.

After deduction of the expenditure and the charges for the year, the profits must be distributed at the general meetings as follows:

10 % to a reserve fund, which will cease to be compulsory when it amounts to one fourth of the capital;

10 % to a fund for the assistance of members who are recognised to be unable to pay for their bread (the society supplies them with it for one month only and then the general meeting decides by vote in regard to their situation);

80 % to be distributed among all the members by means of a reduction of the price of bread.

In case of liquidation, either anticipated or at the date contemplated in the rules, the assets available after payment of all debts, charges and engagements of the society, are distributed equally among the members in proportion to their contributions.

To meet the case of disputes between members or between the board and members, a conciliation committee of nine members is appointed at the general meeting, to settle, without recourse to legal proceedings, in agreement with the board of management all differences that may arise within the society.

3. *The civil society "en commandite simple"*. — As we have already said, the societies of this type are met scarcely anywhere except in Touraine. The provisions of their rules, which exhibit an interesting application of co-operative principles, have been generally imitated from those of the two large co-operative bakehouses of the town of Tours, the *Fraternelle* and the *Ruche tourangelle*. Thus, the co-operative bakehouse of Rochecorbon (Indre-et-Loire) is a civil society *en commandite simple*, formed to provide its members with the bread they require at as low a price as possible. The members at first paid 40 frs. each, to cover the cost of installation and initial establishment. An administrative commission of 17 members is charged with the business, under the supervision of an examining commission of at least 5 members elected at the general meeting. The members are bound to supply themselves from the bakehouse under pain of being considered as having resigned. The bread is delivered in return for orders or tokens given to each member on his request, for monthly consumption. The last day of each month, the administrative commission establishes the price of the bread, according to the price of the flour used, taking into account the general expenses, with an additional centime per kg. at least to cover the expenditure and form a thrift fund. In accordance with this price, the accounts of each member for the month are regulated: payments must be made on the 1st. and 15th. of the month following and a receipted invoice given in return showing the amount of bread supplied to the member, the price per kg., and the amount of the debt.

The thrift fund, constituted by means of the addition of 1 centime at least to the cost price of the bread, is used to pay off the debt on the plant and installation. After this has been paid off the fund may be used, with the consent of the general meeting, to reduce the price of bread in years of disaster. The surplus profits must remain in the safe until the amount of the members' contributions has been increased from 40 to 60 frs. After that, the profits are distributed among members in proportion to their consumption of bread.

### § 3. THE DEVELOPMENT OF THE RURAL CO-OPERATIVE BAKEHOUSES.

The work of the rural co-operative bakehouses, whatever their type, is essentially different from that of the urban societies, which, as a rule, put the profits derived from the suppression of commercial intermediaries to another use: in the rural societies, as we have seen, there generally prevails the principle of selling their bread as cheaply as possible, or nearly so; they only aim at the immediate profit of the consumers, by means of an ingenious system of production. The town societies are careful not to promise their bread at the lowest price; they limit themselves to exciting the hope of future profits, that is to say by savings and their moral influence is quite different.

Some rural societies have already followed this latter course. For example, the co-operative bakehouse and mill of Uzos (Basses-Pyrénées), founded in April, 1899, for the commune of Uzos and seven other communes in the neighbourhood of Pau, on the initiative of the farmers' syndicate of Basses-Pyrénées. This society, according to article 2 of its rules, "has for its sole object to obtain bread for its members at a rate always corresponding with the price of wheat, on the basis of 1 franc per loaf of 4 kg., when wheat is 17 frs. per 80 kgs. The weight of the bread will be guaranteed and the quality the best possible."

This principle of the *constant relation* of the price of the bread to the price of the wheat is appreciably different from that of the *lowest possible price* and is an important advance. Thus, as M. de Rocquigny very well says, it is not too much to expect that the small rural co-operative bakehouses will be able to improve their rudimentary system a little, and, no longer living only for the moment, attempt to perform the honourable office of collectors of the people's savings; in exercising this educative action they would render more appreciable the benefits they are already conferring on the rural population.

If there is a serious obstacle in the competition of the village bakers, themselves in the hands of the large millers, there is a way of overcoming it, by organizing bakehouses and mills, which, while they increase the profits of the corporation by getting rid of a double tax on the industry, will

assure their members complete independence in fixing the price of their bread. The exaggerated charges of the millers and the adulteration of the flour will make the realisation of this co-operative idea truly advantageous. The agricultural syndicates understand this well. In 1894, a cantonal division of the agricultural syndicate of the arrondissement of Poligny bought a mill and founded the Arbois Co-operative Milling Society for threshing, sorting, and grinding corn. The Loiret Farmers' Syndicate has a flourmill in a building attached to its head quarters. It is worked by a special association called an "agricultural industrial syndicate" and renders important services to the peasant farmers of the outskirts of Orleans. We have already mentioned the Uzos co-operative mills and bakehouse. Let us add that its founder reckons that a bakehouse can only succeed on condition it has a mill at its disposal, for the following reasons:

1st. Because it is then able to buy the wheat it requires, get the first choice and supply itself, preferably from its members and adherents, whom it pays in orders for bread (at least to a large extent);

2nd. Because when it grinds itself, it is sure of an excellent flour, whole and nutritious, as it is not when it has recourse to a miller;

3rd. Lastly, because a co-operative bakehouse, that has not its own mill, would soon be killed by the millers of the district.

Let us, however, add that it seems necessary to have 400 or 500 co-operators for a bakehouse and mill to succeed. Finally, the establishment should make only one kind of flour and only one kind of bread; it works for the mass of consumers, not for those who want luxuries. Besides, experience shows that the rich consumers do not supply themselves from the co-operative bakehouses, for their servants, who only receive small commissions from the bakehouses, always find some way to pass them over.

M. de Rocquigny would like to go further and reserve another rôle than that of providing for the consumption of their members for the farmers' co-operative associations for the economical production of bread. For the farmers, says he, the interest of the producers is of far more importance than that of the consumers; they most of all require to sell their produce at a profit and grain is generally their most important produce. Now, when we consider the price paid to the farmer for his grain, and that of the bread sold by the bakers in the towns, we find a considerable difference: in reward for their services, the miller and baker receive a considerable part of the value of the raw material, while the farmer sometimes loses on his produce. Why do the farmers leave this proportion to the intermediaries, when co-operation enables them to be millers and bakers themselves? On the same principle on which the co-operative dairies are organized for the transformation of their members' milk into butter, nothing prevents the farmers associating to found and support, first of all in hamlets and later on in towns, co-operative mills and bakehouses as societies for production. They would induce the consumers to have recourse to them, by leaving them a portion of the profits realised through

the suppression of the middlemen. Even if this proportion amounted to half, it is reckoned that the farmer, member of a bakehouse, would sell his grain at three francs more per quintal, which is not an inconsiderable amount.

The establishment of direct relations in this way between the grain farmers and the consumers of bread would have other advantages yet. It would in fact constitute a serious obstacle to speculation in grain and flour. The wholesale grain merchants who buy the farmer's grain through agents would be prevented from forming reserve stocks enabling them to influence prices. The grain would be consumed on the spot, in the country where it is reaped, and the economic consequence would be that a large stock of native grain would be out of the reach of speculators and intriguing middlemen.

#### APPENDIX.

*Rules of the Co-operative Bakehouse (la Prévoyante) of Gelos, Mazères-Lezons, Uzos, Rontignon, Narcastet, Assat, Meillon, Aressy.*

Art. 1. — The Members of the Farmers' Syndicate of Basses-Pyrénées, of the communes of Gelos, Mazères-Lezons, Uzos, Rontignon, Narcastet, Assat, Meillon and Aressy form amongst themselves and those who shall adhere hereafter to the present rules, a Co-operative Bakehouse to take the name of *Boulangerie Co-opérative La Prévoyante* (La Prévoyante Co-operative Bakehouse).

Art. 2. — The sole object of this co-operative society is to obtain bread for its adherents at a price always corresponding with that of wheat, on the basis of 1 franc per loaf of 4 kg. when wheat is 17 fr. per 80 kg. The weight of the bread will be guaranteed and the quality the best possible.

Art. 3. — The Society will be composed of members who shall pay an entrance fee of 20 francs. This may be paid in money or in kind.

The Board of Management, in order to facilitate membership for the poor, will admit adherent members on payment of 5 francs, and they will, enjoy the same benefits as the members of the society without, however, being able to take part in the management or direction or attend the general meetings.

The amount of the entrance fee paid by the adherent will be entered to his personal account, to which will be added his share in the annual profits.

As soon as the amount of profits placed to his account together with his deposit of 5 frs. reaches the sum of 20 frs., the amount of the contribution of the members, the adherent may take rank among the members.

Art. 4. — Every half year a summary statement of the situation of the Co-operative Bakehouse shall be drawn up.

The net profits, after the deduction of the general expenses of every kind, shall be distributed as follows, after the complete repayment of the

loans contracted and the discharge of the engagements entered into in respect of the initial installation :

1st. 10 % to form a reserve fund ;

2nd. 5 % to found a thrift fund ;

3rd. 5 % for bonuses to employees ;

4th. 80 % to members and adherents of the society in proportion to the consignments and sales made to each of them.

Art. 5. — Any inhabitant of one of the eight communes mentioned in article 1, or a neighbouring commune, without distinction of sex or nationality, may become a member of the Co-operative Bakehouse at any moment, on payment of the subscription provided, the application, which must be made in writing, is accepted by the Board of Management.

Art. 6. — The period for which the society is founded is unlimited ; it does not end with the death or the retirement of one or more members, since it may continually recruit new members.

Art. 7. — The admission of a member is proved by the entry in the register for the purpose and the immediate consignment to him of a pass book bearing his name in full, the date of his admission and the number of his order.

Art. 8. — Any member may freely leave the society. By withdrawing he will lose all right to his contribution and to any profits that may be distributed, as well as his share in the capitalised reserve fund.

Art. 9. — In case a member dies, his heirs or assigns can only claim the amount in his current account after the inventory has been made and approved at the General Meeting.

Art. 10. — As the co-operative society is in the first place personal, an heir of a deceased co-operator only succeeds him in the society ; a co-operator cannot cede or transfer his rights or his share to a third party without authorization from the Board of Management.

Art. 11. — The Board of Management has power to expel a member from the society ; grounds must be given for the action ; it can then be executed and the person concerned must be given written notice, and shall have right to appeal to the next General Meeting.

Art. 12. — Any member who has been expelled may be readmitted, but cannot be a member of the Board of Management or of the Council of Supervision for a year from date of his readmission.

Art. 13. — To establish his right, any member must present the pass book delivered to him on his admission.

Art. 14. — Applications for admission must be made in writing to the secretary, who must communicate them to the Board of Management at its next meeting

Art. 15. — The co-operative society is managed by sixteen members, elected by ballot, by a majority of votes of the members present, in the proportion of two members for each of the communes mentioned in article 1.

Art. 16. — The members of the Board receive appointment for one year. Any member may be reelected.

Art. 17. — Nobody may be a member of the Board of Management, unless he is of age and in the enjoyment of citizen and civil rights.

Art. 18. — The Board of Management shall elect from among its members, a President, two Vice Presidents, a Treasurer, an Assistant Treasurer and a Secretary.

Art. 19. — The Managers shall decide on any administrative action necessitated by the business of the society, by a majority of the members present. They shall represent the society in civil and legal business. They shall buy and sell, establish prices, make payments, and organize the baking business.

Art. 20. — In case of resignation or death of the President, the Vice President shall perform his duties until the next meeting of members.

The President shall have the casting vote.

Art. 21. — The General Meetings of the Society shall be held twice a year, in April and in December.

Art. 22. — All members of the society shall be summoned to the meeting a week in advance, by means of posters which shall make known the place, the date, and hour of the meeting, as well as the agenda.

Art. 23. — In the April meeting, eight members shall be elected to form the Council of Supervision. This Council will have the duty of examining the books and the business of the Society. At the December meeting, it must present a report on any defects and abuses which may be found in the exercise and injure the good name of the society.

Art. 24. — The members of the Board of Management cannot, while exercising their functions, be also members of the Council of Supervision. The period for which this Council is appointed and the conditions for eligibility for membership are the same as in the case of the Board of Management.

Art. 25. — The amount of the purchases made by each member are proved by means of the orders or tokens.

Art. 26. — The bread must be paid for in cash, or, as an exception, will be delivered on presentation of orders. In the latter case, the orders must be paid every week.

Art. 27. — The society will also provide the co-operators either with flour or refuse grain on the most favourable conditions, but at the rate of a quintal at a time.

Art. 28. — In the case of those supplying grain and wood to the society, the price of their goods will be reckoned at that of the preceding Monday and will be placed to their credit in their pass books or they will receive payment in money. They may receive grain in exchange for a certain amount of bread or flour. The wood will only be received at the rate of 2 cartloads at a time, in turn.

Art. 29. — The head bakers and bread porters, on entering on their work, shall give security, the amount to be fixed by the Board of Management. The Society shall pay them 3% interest per year. The security shall be repaid to them within a week from their leaving the society.

Art. 20. — The head baker is responsible :

1st. For all the baking material properly so called ;

2nd. For all the provisions in the warehouse, flour, refuse grain, wood etc. He is further entrusted with the supervision of the whole staff.

Art. 31. The baker at the bakehouse at the moment any consignment is made is bound to examine the quality, quantity and weight of the various goods delivered and inform the Council of Supervision.

Art. 32. — Any co-operator, by the mere fact of his admission as a member, is supposed to know and to promise to observe the Rules.

Art. 33. — All political or religious discussions are formally forbidden in the society.



# JAPAN.

## COLLECTIVE SALE OF CEREALS.

KOKUMOTSU HAMBAI SUSHIKI NI KWANSURU CHŌSA (*Inquiry into the Organization of the Sale of Cereals*). Department of Agriculture and Commerce. Tokio. 1911.

SANGYŌ KUMAI YORAN. (*Report on the Co-operative Societies*). Department of Agriculture and Commerce. Tokio, 1913.

NIHON NO KOME, (*Japanese Rice*). Department of Agriculture and Commerce. Tokio, 1912.

DAI NIPPON TEIKOKU TŌKEI NENKAN. (*Statistical Yearbook of the Japanese Empire*). Published by the Imperial Statistical Bureau. Tokio, 1913.

### § I. INTRODUCTION.

The organisation of the sale of cereals in Japan was necessitated by causes of quite the same kind as in the majority of those countries in which the sale has been organized. In few countries, however, have these causes been so potent as in Japan, where the special conditions of the superabundant rural population, 80 % of which we may say is engaged in the cultivation of rice or other cereals, or in industries auxiliary to such cultivation, were such that interests which affect a more or less limited proportion of the population in the largest grain producing countries, in Japan, affected quite more than half the entire nation.

In fact, when we consider that the rural inhabitants of Japan still to day, in spite of the considerable exodus to the large centres, constitute more than 80 % of the population, and remember that of them 80 % are engaged, as we have said, in the cultivation of cereals, it will be easily understood that, even on a moderate reckoning, the Japanese grain producers form more than three fifths of the whole nation.

In view of their numbers, we may logically admit that the interests of the producers and of the consumers to a large extent correspond, since, it is well to repeat it, in Japan the producers of cereals and more especially of rice form altogether the majority of the consumers. In a recent article (1), we have already dealt in detail with the fluctuations in price of

(1) Cf. The article, "Fluctuations in Prices and Wages". *Bulletin of Economic and Social Intelligence*, February, 1914, pp. 129 et seqq.

cereals generally and of rice in particular, in the last few years. We shall not return to the subject, but we cannot help mentioning how often such fluctuations are due to artificial causes and how much more they are the result of the intrigues of speculators than of the real condition of the market.

It is not, however, to be imagined that the fever of speculation, which has become so pronounced of late, was altogether unknown in Japan in the past. The idea of co-operation among the producers for the defence of their common interests when selling their produce is certainly no new thing there: a first and admirable example we find in those *beiken soko* (1) or general rice warehouses, founded in the seventeenth and eighteenth centuries and now prospering and flourishing again under a somewhat changed form, resembling very closely the *monti frumentari* instituted in the sixteenth and seventeenth centuries in certain Italian cities.

However, these *beiken-soko* could not by themselves be a sufficient check to speculation on the one hand, nor a sufficient aid to the producers on the other; their necessarily limited number and their concentration in particular localities were the principal causes of this.

The State, though granting them moral support and not a few facilities, did not directly intervene to maintain or to found them, and left it to private persons to proceed on their own account to the defence of their own interests as producers and consumers against the intrigues and impositions of speculators.

There were two types of institution for the organization of the sale of cereals, namely:

- 1st. co-operative societies for sale,
- 2nd. associations for collective sale.

We shall now speak in detail of each of these types of organization and give in each case a few examples so as to show more clearly their constitution, working and efficacy.

## § 2. CO-OPERATIVE SALE SOCIETIES.

We have elsewhere spoken of the Japanese co-operative sale societies (2) and shall only return to the subject in so far as concerns those especially occupied with the sale of cereals. It must, however, be observed that many of them engage indeed in the business but as a quite secondary matter; they sell grain as they would sell any other produce of their members. It is not these we intend to study.

There are, also, co-operative sale societies, for which the sale of cereals and more especially of rice, is, if not their only, at least their principal business.

(1) Cf. *Bulletin of Economic and Social Intelligence*, June, 1913, pp. 147 et seqq.

(2) Cf. *Bulletin of Economic and Social Intelligence*, January, 1913.

These special co-operative societies are rather few, particularly when compared with the many co-operative sale societies or co-operative societies conducting sales as part of their business. Unfortunately, we have not yet the latest statistics relating to the subject: in any case, it is well to observe that, in this field, the actual figures have only a very relative value and that, even taking into account the fairly important development of the co-operative movement in Japan, the number of societies occupied almost exclusively with the sales of cereals cannot vary much. In 1910 we see that while there were 2,627 co-operative societies engaged in sale and other business, there were only 200 exclusively engaged in sale. Nor is this all. The Department of Agriculture and Commerce of Tokio, after a very careful enquiry into the organization of the sale of cereals completed early in 1913, finds that of these sale societies few have been successful in the sale of cereals. Indeed, the Department itself, in its report, after an examination of the communications on the subject received from the local authorities entrusted with the enquiry, states that only 16 had been able to conduct the business successfully and gives abundant details of their working. Before dealing with the constitution and work of a certain number of the most important of these societies, we shall say a few words in regard to their general constitution and business.

These co-operative sale societies as a rule do not limit their operation to the sale of cereals, but at the same time engage :

1st. to keep the cereals in their warehouses up to the date when they may be most profitably sold ;

2nd. to subject the cereals to such treatment (hulling, grinding etc.) or to such sorting and packing as may facilitate their sale.

The constitution of these societies and their work differs therefore somewhat according to the kind of business they do.

They may be grouped in three principal classes: co-operative societies for credit and sale ; co-operative societies for production and sale ; co-operative societies for production, credit and sale.

In the co-operative societies of the first class there is a special sale department, with suitable warehouses to receive the grain of their members. The sale is made at request of the members, and, sometimes, on the decision of the manager of the society. The price is paid on the completion of the sale. Sale may also be effected after treatment of the cereals (hulling, grinding etc.) From the purchase price the society deducts, in addition to any cost for treatment, also its charges for rent, storage, commissions etc.

Besides these sale operations, the co-operative credit and sale societies conduct credit business. They have, that is, a special office for this business, which consists generally in loans or advances at low interest, on the security of the deposits in the warehouse, and is repaid at the moment of sale.

In the societies of the second class (production and sale), sale is effected in an exactly similar way.

As regards production, there is a special department with storehouses for the members' produce. The members may produce individually or collectively. These societies neither grant loans nor advances; however, they give warrants for the grain deposited. These warrants have various names (*beiken*, *baku-ken*), according to the class of grain.

The producing member may only sell through the society. The method of sale is, as we have said, identical with that in use in the co-operative credit and sale societies.

Finally in the co-operative societies of the third class (production, credit and sale), we find the special characteristics of each of the two preceding classes for each of the kinds of business they perform in common with them.

Having thus briefly treated the constitution and working of these societies, let us now give some examples from the report of the ministerial enquiry, limiting ourselves to those that may have some interest for our readers.

Before, however, beginning this practical examination, we think it well to make certain general observations that will serve to explain the facts to be given later.

It is necessary first of all to observe that these small societies, which are a real providence for the small Japanese farmer, are strictly local in character; which, if on the one hand it greatly limits their material importance and the extent of their business, does not at all affect their social importance. If the reader, therefore, finds the figures small which we reproduce below, he must remember the special character of these societies and principally their essentially local nature. On the other hand, these are the most common characters of the whole economic and social development of Japan. While in most countries of advanced economic progress, there is a marked tendency towards concentration of the various activities in a few powerful corporations and while the great development of these latter produces a system of competition in which the smaller corporations are forced to disappear or to unite with their rivals, in Japan we find a distinctly different state of things. Decentralisation here is most marked: independent organizations are started in various points of the country, according to local requirements, establishing territorial limits for them selves and even imposing limits on themselves, beyond which they may not extend their action. The limitation of their field of action implies no corresponding limitation of their *local* activity. These various associations recognise in their absolute independence a necessary condition of their existence, and even the most flourishing of them are not ignorant that to engage in a struggle with their rivals, even if it led to victory, and to an increase of their importance, would be most unlikely, in view of local conditions, to give them the tangible benefit of a real increase of profit. And, therefore, we find in Japan this strange and interesting phenomenon of the foundation of innumerable associations, agricultural societies, co-operative societies, guilds, trades unions etc., which all, while very insignificant in respect to the number of their members or the amount of their business,

however, have a most important action in promoting the social and material welfare, and, in spite of their limited business, make no contemptible profits.

All this is seen of course much more in the country than in the thickly inhabited centres, where, with a radical change of the general conditions of economic and social life, competition becomes a necessity as in other lands.

So much premised, we pass to the detailed examination of the business of certain of the most characteristic co-operative societies engaged in the collective sale of cereals.

### § 3. EXAMPLES OF CO-OPERATIVE SOCIETIES FOR THE COLLECTIVE SALE OF CEREALS.

#### (A). *Co-operative Society of Toyochi.*

Toyochi is a little village of the province of Miye, with little more than 2,500 souls, in about 350 houses. These inhabitants, like the large majority of the rural population of Japan, are occupied in agriculture and at the same time carry on certain auxiliary industries, such as silkworm rearing, the collection of fuel, charcoal burning etc.

The Toyochi co-operative society was founded on December, 27<sup>th</sup>, 1906 under the form of a limited liability co-operative credit, purchase and sale society; at the end of 1909 it had 277 members, a very large number in proportion to the small population. At the same date, the share capital, consisting of 1,064 shares of 20 yen (1) each, amounted to 21,280 yen, (54,902 frs.): the net credits amounted to 23,560 yen or 60,785 frs. The society possesses also storehouses for cereals and a complete supply of implements and machinery for treating rice. The operations may be divided, as is natural in view of the nature of the society, into three principal classes: credit, purchase and sale operations.

The credit business done in the first three working years may be summarised as under:

	<u>1907</u>	<u>1908</u>	<u>1909</u>
Amounts Lent . . . . . yen	47,003	53,552	56,758
Savings . . . . . »	10,656	13,948	8,369

It follows that, on an average, in the year 1909, for example, each member could have had a loan of about 205 yen (520 frs.), a respectable

(1) 1 Yen = 2.58 fr.

amount in view of the conditions of these small farmers. The decrease in the savings in the last year is to be ascribed to the general conditions referred to in previous articles. (Effects of the crisis of 1907-8).

In respect to the purchase business we have the following figures :

	<u>1907</u>	<u>1908</u>	<u>1909</u>
(a) Purchase of agricultural implements, manure, ploughs, bags and other material required for production or sale . . . . .	yen 6,535	1,534	4,544
(b) Purchase of food supplies, tobacco, petroleum, school materials and other articles of consumption. . . . .	" 888	697	827

In respect to the sale business, which, as we know, is the principal work of the society, we have the following figures respecting the sale of husked rice, in the period from October, 1909 to October, 1910.

	Quantity (1) <u>(Koku)</u>	Amount <u>(Yen)</u>
Sold to the Military Authorities . . . . .	2,245	32,206
"    "    others . . . . .	119	1,420
Total . . . . .	<hr/> 2,364	<hr/> 33,626

It is seen from these figures that most of the sales were made to the military authorities : in many cases these sale societies supply the garrisons within the sphere of their activity to the mutual advantage of both parties, of the military administration which can thus obtain cereals at a lower price than by buying directly on the markets and of the society which finds an easy and profitable sale for its goods. We shall see below, in reference to this, what purchases were made by the separate commissariat office of Ujina from certain sale co-operative societies.

To close this short account of the work of the Toyochi co-operative society, we shall reproduce its balance sheet for 1909.

(1) 1 Koku = 1.8 hl.

*Balance Sheet of the Toyochi Co-operative Society (working year 1909.)*(a) *Credits.*

Share Capital not Paid up . . . . .	yen	10,640.00
Loans to Members . . . . .	"	19,005.99
Deposits with Credit Institutes . . . . .	"	2,722.40
Real Estate . . . . .	"	1,080.00
Furniture . . . . .	"	220.00
Advances . . . . .	"	6,208.60
Interest not Collected . . . . .	"	291.00
Goods . . . . .	"	956.57
Cash . . . . .	"	204.84
		<hr/>
Total . . . . .	"	41,330.39

(a) *Debits.*

Capital Paid up . . . . .	yen	21,280.00
Deposits . . . . .	"	17,468.33
Interest . . . . .	"	299.87
Reserve Fund . . . . .	"	539.40
Special Reserve Fund . . . . .	"	318.28
Credit Balance . . . . .	"	1,424.51
		<hr/>
Total . . . . .	"	41,330.39

*(B) Co-operative Society of Aritama.*

This society was founded in the heart of one of the richest provinces of Japan, that of Shidzuoka, which, besides being one of the most advanced in an agricultural sense, was also the cradle, of the Japanese co-operative movement. The produce of the soil of the village of Aritama (District of Hamana) is most varied: rice, wheat, ginger, hemp, tobacco etc. In addition, the industries auxiliary to agriculture, such as silkworm rearing, silk spinning etc. are there held in high honour., Notwithstanding this, as the financial position was not always flourishing, transport was difficult and costly and the risks were not covered, the need was early felt for making some provision. Indeed, after the war between China and Japan (1895), the country had suffered so much that the constitution of a co-operative society became absolutely necessary. First of all a co-operative credit society was founded: ten years later, in 1905, it was

transformed and took its present form of a co-operative society for credit, sale and production.

At the end of 1909, after four years' working, it had 332 members, 271 of them engaged in agriculture. Its capital consisted of 435 shares of 10 yen each. Indeed, to make it easier, even for the least well off, to become members, it is laid down in the rules that those who are not rich may be admitted to membership on payment of 2 yen at date of entrance, the balance to be paid in successive instalments.

As the organization of this society does not substantially differ from that of Toyochi, with which we have just dealt, we shall not describe it over again. We shall only give a few figures from which an idea may be formed of the progressive development of the business during the first four years.

(a) *Purchase Operations.*

The total amount of the purchase business of the society conducted between 1906 and 1909 is shown in the following figures :

1906 . . . . .	yen	7,225	1908 . . . . .	yen	14,342
1907 . . . . .	"	15,884	1909 . . . . .	"	15,533

(b) *Sale Operations.*

The total amount of the sale business in the same period was as under :

1906 . . . . .	yen	7,697	1908 . . . . .	yen	9,531
1907 . . . . .	"	14,449	1909 . . . . .	"	13,609

(c) *Separate Commissariat Office of Ujina, (1) and the Purchase of Cereals from the Co-operative Sale Societies.*

To show clearly the full importance of the small co-operative societies for the sale of cereals to be found in various parts of Japan, instead of continuing the fragmentary study of the work of the individual societies, it will be more useful to give some figures showing how the military authorities address themselves to these societies to obtain their supplies. We have already incidentally referred to this class of operations when speaking of the Toyochi society ; we shall now say something in regard to purchases made by one of the separate commissariat departments, that of Ujina, from these sale societies.

Let us first of all give a table showing these operations in detail, according to the provinces in which the societies selling have their head quarters and according to the goods purchased.

(1) Ujina is at a little distance from Hiroshima and the War Department has an important office there.



*Particulars of Purchases made by the Ujina Commissariat Office from the Co-operative Sale Societies in Various Provinces.*

Province	Goods Bought	Amount of Goods Bought (in yen)		
		1908	1909	1910
Hiroshima (50)	Rice . . . . .	76,274	33,415	2,260
	Rye . . . . .	2,566	8,390	3,211
	Wheat . . . . .	—	222	—
	Other Goods . . . . .	405	6,542	6,183
	Total . . . . .	79,245	48,569	11,655
Okayama (68)	Rice . . . . .	74,280	251,134	55,436
	Rye . . . . .	850	—	—
	Wheat . . . . .	—	5,261	—
	Total . . . . .	75,130	256,395	55,436
Oita (19)	Rice . . . . .	50,225	58,461	1,958
	Rye . . . . .	163	—	—
	Total . . . . .	50,388	58,461	1,958
Ehime (3)	Rice . . . . .	—	20,893	—
	Rye . . . . .	—	4,019	—
	Other Goods . . . . .	4,895	—	—
	Total . . . . .	4,895	24,912	—
Hyogo (28)	Rice . . . . .	—	25,658	—
Kagawa (1)	Various Goods . . . . .	2,277	—	—
Yamaguchi (1)	Rice . . . . .	—	—	2,220
	Total . . . . .	211,935	413,995	71,275

N. B. — The figures in parenthesis after the names of each province represent the number of societies in the province from which purchase was made.

The figures for 1910 refer to operations conducted up to the end of August.

It must first of all be observed that the figures for 1910 are rather low, because they refer to business conducted up to the end of August and the very much more important purchases for the winter supplies, always conducted in autumn after the harvest, are not included. Not less interesting than the above figures are those in the following comparative table of the purchases made by the Commissariat Department from the co-operative societies and from private persons.

*Comparative Table of Purchases of Cereals made by the Separate Commissariat Office of Ujina, from Co-operative Sale Societies and from Private Persons (in yen).*

Goods Purchased	Amounts of Goods Purchased (in yen)								
	1908			1909			1910		
	Co-operative Societies	Private Persons	Total	Co-operative Societies	Private Persons	Total	Co-operative Societies	Private Persons	Total
Rice . . . . .	200,779	357,264	558,043	389,561	—	389,561	61,880	—	61,880
Rye . . . . .	3,579	195,770	199,349	12,409	73,694	86,103	3,212	47,322	50,534
Wheat . . . . .	—	24,609	24,609	5,483	4,602	10,085	—	—	—
Flour . . . . .	405	842	1,247	554	9	563	250	—	250
Other Goods . . . . .	7,172	19,681	26,853	5,988	4,753	10,741	5,933	—	5,933
Total . . . . .	211,935	598,166	810,101	413,995	83,058	497,053	71,275	47,322	118,597

The most important conclusion to be drawn from the figures given above is that since 1909, the Ujina commissariat has made its purchases of rice, the most important of the articles of consumption it bought, entirely from the co-operative societies, absolutely abandoning the system of purchase from private persons.

#### § 4. COLLECTIVE SALE OF BARLEY AND OTHER CEREALS.

In recent years, among the many industries that have assumed great importance in Japan, one of the principal is brewing. In 1912 there were in Japan 950 large and small breweries and *saké* factories. But it is chiefly of the large breweries making beer of European type we shall now speak. In 1902, they produced little more than 160,000 hl: in 1912 the amount had increased to more than 330,000 hl. The barley grown is now naturally almost entirely absorbed by this new industry, the requirements of which increase from year to year. Consequently, if the supply in any way did not correspond with the demand, either the interests of the industrialists or of the farmers would suffer. To prevent this, certain agricultural societies have

undertaken to act as intermediaries between the brewers and the farmers, and thus exert a beneficent regulating action.

In a single year, 1911, about 20,000 hl. of barley were thus sold to the brewers by six societies. We shall examine in detail the operations thus conducted by one of them, the *Agricultural Society of the Province of Kana-gawa*.

This society makes collective sales exclusively to the brewery of Me-guro (Tokio), belonging to the *Dai-Nippon Biru Kabushiki-Kwaisha* (Limited Liability Society for Brewing Dai-Nippon Beer). The society, after an agreement with the managers of the Brewery, estimates the approximate amount of barley required for the coming year; then, chiefly through its affiliated societies scattered over the province, it urges the farmers to conclude special contracts with the breweries, by which they bind themselves to supply a certain quantity of barley of definite quality within a stated period. In this way, supply and demand are suitably regulated to the advantage of both parties. When the time comes for the delivery of the barley, the samples are inspected: a special commission on which are represented both the purchasing breweries and the agricultural societies, and on which there are also officers attached to the experimental farms, fixes the standard, after an examination of the samples sent by the various farmers. When the barley is delivered, it is examined, compared with the standard, and classified according to its quality.

The price is fixed, in accordance with the provisions of the contract, by the manager of the brewery and the manager of the society. The systems vary slightly from each other, especially in regard to the additions to be made to the standard price.

The standard price is always the average of the prices on the Tokio Exchange during the ten days preceding the coming into force of the contract. To this are added the amounts required to cover the general expenses. In 1908 four qualities of barley were considered: the additional expenditure was calculated as follows:

(a) If the standard price was less than 6 yen per koku, the contract price for the four qualities was established by adding to the standard price respectively 2.20 yen for the 1st. quality, 1.60 yen for the second, 1.20 yen for the third, and 0.90 yen for the fourth;

(b) If the standard price was more than 6 yen per koku, the amounts to be added were 2.00 yen for the first quality, 1.40 yen for the second, 1.00 yen for the third and 0.80 yen for the fourth.

In 1909 there were only three qualities of barley considered. The standard price was calculated as in the previous year. The additional amounts were 2.20 yen, 1.60 yen and 1.30 yen respectively for the three qualities, if the standard price was less than 6 yen per koku, and 2.00 yen, 1.40 yen and 1.10 yen, respectively, if the standard price was more than 6 yen per koku. In 1910 again there were three classes of barley and the standard price was calculated as before. The additions to be made were 2.40 yen, 2.00 yen and 1.30 yen respectively when the standard price was less than

7 yen; when it was greater the additional amounts were fixed by agreement on each occasion.

The cost of transport is borne by the producer who must deliver free at the station; any charges for storage must, however, be borne by the brewer.

There would be no use in going into further particulars. We think it, however, advisable to reproduce here some general facts with regard to the consumption of barley in the breweries and the part the co-operative sale societies have taken in supplying it to them.

The following table shows the actual consumption of barley in the three years 1908, 1909 and 1910 by the Limited Liability Society for Brewing Dai Nippon Beer (*Dai Nippon Biru Kabushiki Kwaisha*) compared with the amount estimated in the contracts (in *Koku*).

	1908	1909	1910
Estimated Amount . . . . .	1,000	2,500	3,000
Actual Consumption . . . . .	955	2,481	2,425

The following figures show the total profits of the producers through the collective sale of their barley by the societies of agriculture.

Year	Quantity and Amount of Barley Sold		Average Price per Koku Sold	Current Price on the Exchange	Difference between the Price Obtained and the Price on the Exchange	Total Profit of the Producers
	Koku	Yen	Yen	Yen	Yen	Yen
1908. . . . .	955	7,029	7.36	6.11	1.25	1,194
1909. . . . .	2,481	17,609	7.10	5.79	1.31	3,250
1910. . . . .	2,425	17,064	7.04	5.50	1.54	3,734

It is worth noting that the profits of the producers are constantly increasing: this is the principal reason that incites them to resort more and more to this system of sale.

Without further illustration and other examples, we shall make a few brief remarks on some other co-operative associations concerned in the collective sale of cereals.

We shall first of all mention that the Society of Agriculture of the Kanagawa Province in 1910 began the collective sale of wheat, and the results have been from the start more than satisfactory.

But even independently of the agricultural societies, in recent times co-operative societies for production and sale have been formed to provide special industrial establishments, and more particularly breweries, with the

grain they require, thus obtaining the advantages set forth at the beginning of this section. We shall mention among these the Co-operative Society of the Barley Farmers of Kawaoka (Province of Kyoto), which supplies a special quality of barley to the *Osaka Asahi Biru Kabushiki Kwaisha* (Limited Liability Society of Osaka for the Production of Asahi Beer). What is most characteristic of this society is that the members are bound to pay a sum called *hoshokin* (security), in proportion to the area cultivated by them with barley, to some extent as a substitute for the purchase of shares. This security is 30 *sen* per *tan* (1) of land cultivated with barley before the admission of the farmer as a member and 50 *sen* per *tan* of other land. In addition, for reasons already given, the area cultivated with barley may not be increased *ad libitum*, but the society imposes on its members the limits necessary to preserve the balance of the supply and demand.

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(1) 1 *sen* = 0.25 fr.; 1 *tan* = 9.9 a. Consequently 30 *sen* per *tan* corresponds to about 7.6 fr. per ha.



# Part II: Insurance and Thrift

## BELGIUM.

### PROGRESS OF LIVESTOCK INSURANCE IN BELGIUM.

By way of completion of the information already supplied (1) on the development of the Belgian professional unions of syndicates for the purchase and sale of farm requisites and of rural banks, we shall give a few statistics relating to livestock insurance from the last official report of the associations of agricultural interest, published by the Department of Agriculture, relating to the end of 1911.

#### § I. COMPULSORY LIVESTOCK INSURANCE.

In West Flanders livestock insurance has been compulsory since 1837, and entitles to compensation for losses due to slaughter of livestock ordered by the public authorities and the rejection of the meat as unsuited for consumption.

In 1911 the business done by the *West Flanders Compulsory Livestock Insurance Fund* was as follows :

#### *Number of Head of Livestock Insured.*

Horned Cattle, three months or more old . . . . .	290,017
Horses, one year or more old . . . . .	40,753
Sheep, three months or more old . . . . .	16,077
Mules, one year or more old . . . . .	2,083
Asses, one year or more old . . . . .	413
Total . . . . .	349,343

(1) See *Bulletin of Economic and Social Intelligence*, May, 1914.

*Amount of Premiums.*

	frs.		
Horned Cattle . . . . .	72,926.50	at the rate of	0.25 fr. per head, three months old or over.
Horses . . . . .	20,777.50	" " "	0.50 fr. per head, one year old or over.
Sheep . . . . .	637.95	" " "	0.03 fr. per head, three months old or over (minimum 0.15 fr.).
Mules . . . . .	621.60	" " "	0.30 fr. per head, one year old or over.
Asses . . . . .	61.65	" " "	0.15 fr. per head, one year old or over.
<b>Total . . . . .</b>	<b>95,025.20</b>		

*Amount of Claims Paid in 1911.*

	frs.
For 488 horses (maximum 60 fr.) . . . . .	28,996.50
For 1,753 head of horned cattle (ordinary cases) . . . . .	135,307.58
For 1 " " " " (tuberculosis, supplementary compensation) . . . . .	9.35
For 63 " " " " (anthrax, supplementary compensation) . . . . .	1,789.12
For 170 " " " " (aphthous fever, supplementary compensation) . . . . .	2,749.88
For 20 mules (maximum 20 fr.) . . . . .	395.00
For 7 asses (maximum 20 fr.) . . . . .	140.00
For 155 sheep . . . . .	1,396.25
<b>For 2,657 head of livestock in all . . . . .</b>	<b>170,783.68</b>

On January 1st., 1912, the fund amounted to 1,554,575.94 frs

## § 2. MUTUAL LIVESTOCK INSURANCE.

In the Province of Antwerp there is a *Voluntary Livestock Insurance Fund*, to which 4,252 farmers belonged in 1911, who had insured 12,208 head of horned cattle for 5,206,225 frs. The amount paid in claims was 143,448 fr.

In the other provinces livestock are insured by local mutual societies, generally paying compensation to the amount of two thirds of the value of the animals lost.

In West Flanders and the province of Antwerp such societies form a useful supplement to the above funds.

We shall now give some information in regard to the insurance of the various kinds of animals.



(a) *Insurance of Horned Cattle.*

Voluntary horned cattle insurance made considerable progress in 1911. On December 31st. of that year there were in Belgium 1,339 mutual societies (1,266 of them recognised societies), with altogether 115,246 members. They insured 320,605 head of horned cattle for an amount of 119,604,026 frs.

The losses in the year were 9,444. In 1,486 cases Government gave compensation to a total amount of 160,541 frs. In addition to the Government assistance and the proceeds from the sale of the livestock, the total claims paid by the societies amounted to 1,555,441 frs. The amounts received from members (premiums, entrance fees etc.) in 1911 came to 1,028,269 frs. The assets of the societies on December 31st. of that year amounted to 1,192,745 frs.

The 1,339 societies were distributed as follows in the various provinces: East Flanders 278, Brabant 237, Limbourg 173, Antwerp 143, Liège 131, Luxembourg 120, Namur 109, Hainaut 92, West Flanders 56. Most of the local mutual societies are united in Federations or provincial reinsurance societies. The following table gives statistics of reinsurance of horned cattle for 1911.

*Cattle Reinsurance Societies.*

Name of Society	Number of Local Societies Affiliated to the Federations	Number of Cattle Insured by Local Societies	Amount of Compensation	Working Expenses	Amount of Premiums	Subsidies	Subsidies	Surplus of the Federations on December 31st., 1911
			granted by the Federations	of the Federations	Paid by the Societies to the Reinsurance Societies	from the Provinces	from the Government	
			fr.	fr.	fr.	fr.	fr.	fr.
East Flanders Cattle Reinsurance Feder- ation, at Ghent . . . . .	196	69,952	87,560	4,980	55,380	15,000	25,000	55,735
Province of Limbourg Cattle Reinsurance Federation, at Hasselt . . . . .	162	49,731	60,125	2,000	35,478	5,000	25,000	61,728
Province of Brabant Cattle Reinsurance Federation, at Louvain . . . . .	108	27,127	37,685	1,955	29,690	—	22,326	100,412
Province of Liège Cattle Reinsurance Fed- eration, at Liège . . . . .	84	24,022	68,000	600	29,888	—	22,444	47,000
Province of Hainaut Cattle Reinsurance Federation, at Mons . . . . .	66	9,030	11,972	836	11,790	1,000	11,850	17,263
Cattle Reinsurance Federation at Turn- hout . . . . .	56	20,838	56,311	1,175	26,735	7,410	17,833	24,965
Cattle Reinsurance Federation at Heyst- op-den-Berg . . . . .	21	8,200	21,960	400	8,146	3,150	5,463	1,050
Province of Luxembourg Cattle Reinsur- ance Federation, at Arlon . . . . .	55	2,960	7,230	1,000	5,704	1,400	5,827	20,100
Province of Brabant Cattle Reinsurance Federation, at Brussels . . . . .	17	7,829	30,675	296	19,848	10,000	—	3,373
Cattle Reinsurance Federation, at Hanne- sche . . . . .	21	3,355	4,413	600	3,962	—	3,962	3,984
Reinsurance Division of the Agricultural Fund of the Province of Antwerp . . .	17	5,084	4,557	250	2,542	3,050	1,704	2,855
Cattle Reinsurance Federation at Namur.	71	6,344	23,930	500	15,080	4,750	13,286	25,643
West Flanders Cattle Reinsurance Feder- ation, at Roulers . . . . .	31	9,908	10,280	175	4,954	1,194	4,954	437
Neutral Cattle Reinsurance Federation of Hainaut, at Thuin . . . . .	8	1,546	1,454	—	1,410	—	1,410	18
Cattle Reinsurance Federation, at Bur- dinne . . . . .	7	764	1,998	200	1,118	—	1,118	580
Cattle Reinsurance Federation at Bruges.	7	1,790	1,045	100	530	250	530	167
Total . . .	927	247,480	429,195	15,067	252,155	52,204	162,707	365,305

Of 1,266 legally recognised mutual societies as shown above, 927 or 73.22% were reinsured.

(b) *Farm Horse and Stallion Insurance.*

Farm horses were insured in Belgium in 1911 by 250 recognised mutual societies, with 33,344 members, distributed as follows according to province; East Flanders 51, Brabant 44, Limbourg 43, West Flanders 40, Antwerp 31, Luxembourg 19, Liège 13, Hainaut 7, Namur 2. They insured 68,855 horses of a total value of 64,035,820 frs.

The number of losses in the year was 1,920 and the amount paid in claims was 982,006 frs. Premiums had been collected to the amount of 995,438 frs. On December 31st. the assets of these societies amounted to 792,589 frs.

Like the mutual horned cattle insurance societies these we are now considering also reinsure to a large extent. And in fact of the 250 mutual societies existing 242 were reinsured, distributed in 11 federations. These 242 societies had altogether reinsured 51,958 horses, for an amount of 254,303 frs, to which must be added 23,176 frs., in provincial subventions, and 157,260 frs., Government subvention. In the same year these federations paid claims to their members to the amount of 435,864 frs.

It must, finally, be mentioned that at the same date there were in Belgium 7 mutual stallion insurance societies with 743 members, insuring 1,007 stallions for an amount of 3,820,600 frs. In the year there were 27 losses, for which the societies had to pay 98,475 frs. in claims to members from whom they had collected premiums to the amount of 59,499 frs. On December 31st., 1911, the total assets of these societies amounted to 133,004 frs.

(c) *Goat Insurance Societies.*

In 1911 there were 494 goat insurance societies, most of them in East Flanders (216) and West Flanders (195). They had 47,560 members and had insured 63,785 head for an amount of 1,240,383 frs.

In the year there were 4,934 losses, for which the societies had to pay 47,810 frs. in compensation to members from whom they had collected in premiums 39,794 frs.

These risks also are reinsured by 479 societies, united in 5 federations.

(d) *Pig Insurance Societies.*

This branch of insurance is less common. From the statistical report we see that there were only 149 mutual societies of the kind, insuring 23,695 pigs, belonging to 11,994 members. There are also pig reinsurance societies. In 1911 there were six, to which 128 societies were affiliated.

## ITALY.

### OFFICIAL ENQUIRY INTO SAVINGS IN ITALY IN THE YEARS 1911 AND 1912.

#### SOURCES :

NOTIZIE STATISTICHE SUL RISPARMIO IN ITALIA NEGLI ANNI 1911 E 1912. Parte II. Società ordinarie e co-operative di credito. Annali del Credito e della Previdenza (*Statistical Information on Savings in Italy in the Years 1911 and 1912. Part II. Ordinary and Co-operative Credit Societies. Annals of Credit and Thrift*). Series II, Vol. 2. Ministero di Agricoltura, Industria e Commercio. Direzione generale del Credito e della Previdenza. Rome. Tipografia Nazionale di Bertero e Co., 1914.

The General Management of Credit and Thrift at the Department of Agriculture, Industry and Commerce has recently terminated an interesting statistical enquiry into the fluctuations in the amount of the deposits held in trust by the ordinary and co-operative credit societies in the years 1911 and 1912. This enquiry, extended to about 2,600 institutes, completes that into the deposits in the Ordinary and Postal Savings Banks and Pawn Institutes, the report of which was published last year (1).

For the classification of the various kinds of deposits the terminology in general use was employed, and, leaving out of consideration deposits at sight (for the most part merely placed in safekeeping), the rest are generally divided into savings deposits, deposits in current account and fixed term deposits.

Savings deposits differ from those in current account in that, while the former remain more or less time in the banks as real and true investments, those in current account are not invested really but rather deposited with intention of future investment, rather to be sure of the safety of the money than to increase it.

There are also corresponding extrinsic differences, the higher rate of interest on savings deposits, the minimum and maximum fixed for the deposits, higher for those in current account; the absence of any maximum limit of the credit bearing interest in current account, and the shorter term for notice of withdrawal.

(1) See *Bulletin of Economic and Social Intelligence*, September, 1913, pp. 65 et seq.

Finally, by fixed term deposits are meant those in the ordinary banks and co-operative credit societies deposited in return for interest bearing bonds and those generally redeemable at long notice, especially large sums at unusually high interest. In some measure the extraordinary or time deposits in the savings banks correspond with the above.

However, the classification is not made on the same principles in all the banks, nor is the classification always made on the same principles in the same bank. Hence there are merely apparent differences in the increases and decreases in the amounts deposited under the different heads. So that in order to judge correctly of the real increase or decrease of the deposits, we must in the last resort consider their total amount without distinction of classes.

So much premised, let us now consider the principal results of the enquiry.

### § I. DEPOSITS IN THE ORDINARY CREDIT SOCIETIES.

The ordinary credit societies legally existing on December 31st., 1911 were 188 and those legally existing on December 31st., 1912 were 192. Of these, 165 were considered in 1911 and 162 in 1912. The following table shows the fluctuation in the total amount of deposits held by them.

#### *Ordinary Credit Societies — Deposits.*

Month	1911 frs.	1912 frs.
January . . . . .	910,714,771	982,180,769
February . . . . .	914,166,273	985,815,534
March . . . . .	923,629,670	991,857,631
April . . . . .	942,306,969	987,597,017
May . . . . .	946,434,351	987,580,585
June . . . . .	954,197,516	988,299,044
July . . . . .	970,942,353	1,006,841,077
August . . . . .	974,984,806	1,006,104,529
September . . . . .	967,280,086	1,002,490,302
October . . . . .	947,917,202	992,104,528
November . . . . .	954,008,018	994,277,754
December . . . . .	963,932,417	1,010,174,272

From this table we see that the amount considerably increased in these two years. The increase was, however, greater in 1911 than in 1912. In fact while in only eleven months, from the end of January, 1911 to the end of December, 1911, the increase was 53,217,646 frs., in the whole of 1912 the increase was only 46,241,755 frs.

At the end of January, 1911, and at the end of each of the years considered, the deposits were distributed as follows in the three classes mentioned above:

	Savings Deposits	Deposits in Current Account	Fixed Term Deposits
	frs.	frs.	frs.
on January 31st., 1911 . . .	486,770,232	290,852,778	133,091,761
» December 31st., 1911 . . .	528,527,322	287,695,977	147,709,118
» December 31st., 1912 . . .	560,730,438	300,691,361	148,752,473

The savings deposits, forming more than half the total deposits of the ordinary banks, have varied in proportion to the total, showing a constant increase, greater in 1911 and less in 1912. On the other hand, the deposits in current account showed a decrease of about 3,000,000 in 1911 against an increase of 13,000,000 frs. in 1912. Finally, the fixed term deposits showed a considerable increase in 1911, while in 1912 their amount remained almost unvaried.

## § 2. DEPOSITS IN THE CO-OPERATIVE CREDIT SOCIETIES WITH LIABILITY LIMITED BY SHARES.

In respect to the deposits in the Co-operative Credit Societies, we must distinguish between limited liability societies (People's Banks) and unlimited societies (Rural Banks).

Of the first, amongst which the most important group is that of the People's Banks, 664 were considered in each of the years in question, out of a total of 817 existing at the end of 1911 and 813 at the end of 1912.

In contrast with what is found in the case of the ordinary banks, the increase of the deposits in the co-operative credit societies limited by shares has really been arrested in these two years, since, although in 1911 there was a considerable increase, this was counterbalanced by an equally appreciable decrease in 1912, so that the total amount of the deposits, as is seen in the following table, was hardly 1,500,000 frs. more at the end of 1912 than at the end of January, 1911.

### *Co-operative Credit Societies Limited by Shares. - Deposits.*

Amount	1911	1912
—	frs.	frs.
January. . . . .	1,146,151,430	1,173,137,681
February . . . . .	1,146,121,486	1,174,931,386
March. . . . .	1,153,617,726	1,169,460,665
April . . . . .	1,160,999,717	1,167,613,497
May . . . . .	1,168,452,439	1,160,320,569
June . . . . .	1,165,490,072	1,146,393,948
July. . . . .	1,173,628,052	1,152,922,706
August . . . . .	1,179,227,338	1,153,150,837
September . . . . .	1,166,960,141	1,149,175,544
October . . . . .	1,155,133,514	1,135,497,392
November . . . . .	1,156,630,475	1,141,984,221
December . . . . .	1,164,664,670	1,147,660,719

The deposits were distributed as follows at the end of January, 1911 and the end of December, 1911 and December, 1912.

	Savings Deposits	Deposits in Current Account	Fixed Term Deposits
	frs.	frs.	frs.
on January 31st., 1911 . .	716,461,588	160,614,563	269,075,279
» December 31st., 1911 . .	723,049,621	160,557,764	281,057,291
» December 31st., 1912 . .	705,711,116	158,269,971	283,679,632

Therefore, while the amount of savings deposits shows a decrease in the two years, and that of the deposits in current account remained stationary in 1911 and decreased slightly in 1912, on the contrary, there was a decided tendency on the part of the fixed term deposits to increase. Nevertheless, as in the case of the ordinary banks, the increase in 1912 was slightly less than in 1911.

The large increase in the fixed term, or rather, long term, deposits in the co-operative credit societies, considerably greater than in the ordinary societies, is explained by the special interest these societies have in obtaining long use of the amounts entrusted to them. Their customers are in fact small dealers, farmers, clerks etc., who require loans for comparatively long periods, usually repayable in instalments. It might be said that also many savings banks, especially the smaller ones, have a similar class of customers and these banks do not so frequently receive fixed term deposits. But, first of all, generally the deposits in savings banks are made for much longer periods than in the co-operative credit institutes; in the second place, the savings banks only give the name of fixed term deposits to those made in return for interest bearing bonds and include all deposits redeemable at long notice among the savings deposits, while in the ordinary institutes and co-operative credit societies the contrary course is pursued.

The commercial credit institutes, again, not limited in regard to their investments, like the savings banks, may hold out the attraction of higher rates of interest to ensure the long use of the deposits, and this attraction is greatest for the classes of small depositors constituting the chief customers of the co-operative credit institutes.

The above figures show the fluctuations in the amount of deposits in the two years 1911-1912 in the ordinary and in the co-operative banks: in the former the increase was considerable. in the latter the amount was stationary. Yet this is in no way due to the different economic character of capitalistic and co-operative undertakings. The difference revealed by the figures is not between the ordinary and co-operative institutes, but between large and small institutes; on the one hand, that is, there are the large banks, and, on the other, together with the co-operative institutes the majority of ordinary credit institutes. The contrast between ordinary and co-operative banks is only apparent, as the large banks are all in-

cluded among the ordinary banks. In fact the four large banks of the Kingdom, *Banca Commerciale italiana* (Italian Commercial Bank), *Banco di Roma* (Bank of Rome), *Credito italiano* (Italian Credit Institute), *Società Bancaria italiana* (Italian Banking Society) alone held on December 31st., 1912, together, more than half (613,078,881 frs.) of the thousand million frs. deposited in the ordinary banks, and the increase of 100,000,000 frs. observed in the two years is due essentially to increased deposits in the four large Banks above mentioned (from 507,000,000 to 613,000,000).

The tendency of the large banks to expand and absorb the smaller institutes is growing more and more marked in Italy.

It will be well also to consider the amounts of the various classes of deposits in these banks.

	Savings Deposits	Deposits in Current Account	Fixed Term Deposits
	frs.	frs.	frs.
on January 31st., 1911 . .	287,965,691	167,165,485	52,037,583
» December 31st., 1911 . .	323,685,861	175,767,136	59,083,890
» December 31st., 1912 . .	357,657,385	194,156,219	61,265,277

The increase was therefore general and continuous in all three classes.

### § 3. DISTRIBUTION OF THE DEPOSITS IN THE ORDINARY SOCIETIES LIMITED BY SHARES AND THE CO-OPERATIVE CREDIT SOCIETIES, ACCORDING TO REGIONS.

It will be also interesting to see how these deposits were distributed according to regions. This is shown in the following table in which the deposits in the ordinary banks and co-operative societies in the different regions are compared.



## Deposits in Ordinary and Co-operative Banks, distributed according to Regions at the End of 1912.

Regions	Ordinary Banks					Co-operative Banks						
	Savings Deposits	Deposits in Current Account	Fixed Term Deposits	Total Deposits	Savings Deposits	Deposits in Current Account	Fixed Term Deposits	Total Deposits	Savings Deposits	Deposits in Current Account	Fixed Term Deposits	Total Deposits
Piedmont . . . . .	67,750,597	51,405,583	15,197,277	134,353,457	55,648,637	8,051,656	17,826,940	81,527,233				
Liguria . . . . .	60,397,563	34,382,701	12,966,882	107,747,146	3,423,058	7,708,626	1,593,853	12,725,537				
Lombardy . . . . .	138,293,091	42,043,160	26,306,015	206,642,266	984,504,952	56,085,997	95,704,898	436,295,847				
Venetia . . . . .	42,945,188	43,766,617	21,244,424	107,956,229	77,913,610	34,279,931	52,084,617	164,278,158				
Emilia . . . . .	22,009,135	1,871,675	3,326,635	27,207,445	127,001,695	24,288,761	51,674,272	202,964,728				
Tuscany . . . . .	37,286,960	23,402,407	10,718,837	71,408,204	29,285,398	6,590,790	4,892,539	40,768,727				
Marche . . . . .	4,878,675	320,578	236,934	5,436,187	30,410,604	1,737,470	5,477,246	37,625,320				
Umbria . . . . .	20,359,914	283,642	1,297,439	21,940,995	11,933,786	539,332	1,178,465	13,651,583				
Latium . . . . .	62,591,436	43,822,180	12,642,739	119,056,555	3,475,925	2,344,552	4,446,933	10,207,410				
Abruzzi and Molise . . . . .	587,155	686,908	631,933	1,905,996	16,424,102	2,485,488	8,413,698	27,323,288				
Campania . . . . .	44,132,029	23,835,874	29,127,855	97,095,758	20,475,468	4,218,145	18,046,676	42,740,289				
Apulia . . . . .	27,079,757	1,582,282	10,128,506	38,790,545	7,980,753	2,859,082	8,795,569	19,445,404				
Basilicata . . . . .	—	—	—	—	1,882,297	801,007	5,020,010	7,703,314				
Calabria . . . . .	3,934,425	963,891	695,664	5,593,980	25,604,589	1,879,142	2,040,609	29,524,340				
Sicily . . . . .	20,576,162	5,994,392	1,651,656	28,222,210	9,775,646	4,399,992	6,573,327	20,748,965				
Sardinia . . . . .	3,421,725	404,260	59,308	3,885,293	496	—	—	496				
Deposits Collected abroad by the Bank of Rome	4,486,426	25,925,211	2,520,369	32,932,006	—	—	—	—				
Total . . . . .	560,730,438	300,691,361	148,752,473	1,010,174,272	705,681,016	158,269,971	283,679,652	1,147,530,639				

Basilicata is altogether without local ordinary credit societies or branches of large banks.

Lombardy, as it is the region in which there are the largest deposits in the ordinary credit societies, is also that in which the deposits in the co-operative societies are largest. Other regions in which there are plentiful deposits in both the ordinary and the co-operative banks are Venetia and Piedmont. While, however, in Lombardy and Venetia the deposits in the co-operative banks exceed in amount those in the ordinary banks, it is otherwise in the case of Piedmont. A region in which there is a large amount deposited in the co-operative banks, whilst comparatively little is deposited with the ordinary banks, is Emilia. Two regions, on the other hand, in which the deposits in the ordinary banks are very considerable and those in the co-operative banks very unimportant are Liguria and Latium. Of the other regions, we find the deposits in the ordinary banks more considerable than in the co-operative banks in Campania, Tuscany and Apulia, and to a less degree in Sicily and Umbria. On the contrary, the deposits in the co-operative banks are more important than in the ordinary ones in Marche, Abruzzi and Calabria. Finally, while, in the above table, for Basilicata there appear no deposits in the ordinary banks, there are deposits of 7,000,000 frs. in the co-operative societies, and, in contrast with this, we find Sardinia with a large amount deposited in the ordinary banks and quite without deposits in the co-operative societies. These results naturally correspond with the number of banks of either kind in the different regions.

#### § 4. DEPOSITS IN RURAL BANKS.

The rural loan banks, on October 31st., 1905, the date of the last official return, were 1,386. Of these, 1,309 held deposits amounting to 32,499,463 frs. and their paid up capital together with their reserve fund, amounted to 1,200,522 frs.

The enquiry we are considering showed, 1,660 banks on December 31st., 1911 and 1,652 on December 31st., 1912. Of these 1,371 at the end of 1911 held deposits amounting to 91,559,142 frs. and 1,359 at the end of 1912 deposits altogether of 99,203,074 frs.

Since 1905, therefore, the amount of the deposits in the rural banks has increased more than threefold and in 1912 alone it increased by about one tenth.

These deposits are almost exclusively savings deposits; but it is not possible to give an accurate classification.

The 1,359 rural banks collecting deposits had, on December 31st., 1912, funds (paid up capital and reserve fund) amounting to 4,011,535 frs.

The rural banks are variously distributed in the kingdom. The region in which there are most is Venetia, where there are 427 or more than a quarter of the whole number. Then come Emilia with 298 banks, Sicily with 235, Lombardy with 204 and Piedmont with 162. The region in which these banks have the largest amount of deposits is Sicily. The amount of deposits in the Sicilian rural banks is about a fourth of that in all the banks, as it is 24,045,680 frs. In the province of Caltanissetta alone the deposits on December 31st., 1913 amounted to 10,565,241 frs. After Sicily come Lombardy and Venetia, with almost equal amounts and then Emilia and Piedmont.



# Part III: Credit

## AUSTRIA.

### SAVINGS BANK STATISTICS IN 1911 (1).

#### SOURCE:

STATISTIK DER SPARKASSEN IN DEN IM REICHSRATE VERTRETETENEN KÖNIGREICHEN UND LÄNDERN FÜR DAS JAHR 1911. Bearbeitet vom Bureau der K. K. Statistischen Zentralkommission. Wien, 1913. (*Statistics of Savings Banks in the Countries represented in the Reichsrat for 1911, published by the I. R. Central Statistical Commission*). New Series. Vol. X. No. 1. Vienna, Gerold, 1913. 4to. pp. 45-117.

*Number of Savings Banks.* At the end of the year 1911 there were 675 savings banks in Austria, against 669 in 1910. Seven new institutes had been founded, and only one, the communal bank of Saaz, went into liquidation and was replaced by a branch of the Bohemian savings bank of Prague. The increase in the number of these Banks in the last five years was as follows:

1907 . . . . .	14	1910 . . . . .	14
1908 . . . . .	11	1911 . . . . .	7
1909 . . . . .	5		

that is 50 in all, or 8% of the number at the end of 1906 (625). Of the 7 new banks founded in 1911, 1 was founded in Carinthia, 1 in Carniola, 2 in Bohemia and 3 in Moravia.

The Austrian Savings Banks are divided into Communal Savings Banks (*Gemeinde-Sparkassen*), Co-operative Savings Banks (*Vereins-Sparkassen*), and District Savings Banks (*Bezirks-Sparkassen*); of the 675 existing at the end of 1911, 559 (82.81 %) were communal, 71 (10.52 %) were co-operative and 45 (6.67 %) were district savings banks.

(1) The *Monthly Bulletin of Economic and Social Intelligence* in its issue for April, 1913, (No. 4), published statistics of the Austrian Savings Banks for 1910. We shall here summarise the General Situation of the Austrian Savings Banks in 1911 from the official statistical return published in 1913.

Of the kingdoms and countries represented in the Reichsrat, Bohemia had most savings banks (241); Moravia came next with 91 and then Lower Austria with 83. There was one bank per every 444.45 sq. kms. and every 42,612 inhabitants.

*Rate of Interest on Deposits.* The ordinary rate of interest, that is the rate usually given, without special limitations, by the individual institutes, increased in 1911 by 0.023 %; in 1910 it had been 4.045 %; and it had risen in 1911 to 4.068 %.

Of the 7 new institutions founded in 1911, 4 fixed the ordinary rate of interest on deposits at 4 %, and 3 at 4  $\frac{1}{4}$  %.

The 675 banks existing in 1911 might be classified as follows according to the interest paid to depositors:

Ordinary Rate of Interest (%)														Total Number of Savings Banks
3 $\frac{1}{2}$	3 $\frac{9}{10}$	3 $\frac{7}{10}$	3 $\frac{3}{4}$	3 $\frac{9}{10}$	3 $\frac{89}{100}$	4	4 $\frac{1}{8}$	4 $\frac{2}{10}$	4 $\frac{1}{4}$	4 $\frac{1}{2}$	4 $\frac{3}{4}$	5	5 $\frac{1}{2}$	
4	1	2	35	2	—	515	1	1	56	29	2	26	1	675

It will be well to show the amount of capital on which the different rates were paid, in 1911.

Rate of Interest (per cent)	Number of Banks	Amount of Deposits (crs.)
2 $\frac{1}{2}$	4	1,468,589
2 $\frac{7}{10}$	1	1,500,000
2 $\frac{5}{8}$	—	—
3 $\frac{0}{10}$	14	883,185
3 $\frac{1}{4}$	1	24,818
3 $\frac{1}{2}$	22	48,836,586
3 $\frac{6}{10}$	2	9,568,482
3 $\frac{7}{10}$	2	11,347,617
3 $\frac{3}{4}$	51	1,075,392,237
3 $\frac{8}{10}$	3	5,519,764
3 $\frac{4}{100}$	—	—
3 $\frac{7}{8}$	—	—
3 $\frac{9}{10}$	—	—
3 $\frac{94}{100}$	—	—
4	531	4,814,909,675
4 $\frac{1}{8}$	5	4,296,069
4 $\frac{2}{10}$	1	2,468,662
4 $\frac{1}{4}$	82	239,132,553
4 $\frac{1}{3}$	—	—
4 $\frac{3}{8}$	—	—
4 $\frac{1}{2}$	62	97,391,980
4 $\frac{3}{4}$	6	7,567,581
5	38	38,268,059
5 $\frac{1}{2}$	3	1,140,217
6	2	92,890
Total Deposits: Crs.		6,359,808,964

*Rate charged on Mortgage Loans.* — In 1911, 59 savings banks changed their rate of interest on mortgage loans, 57 raising it and 2 lowering it. The ordinary rate of interest on mortgage loans rose 0.034 % in 1911, whilst that on deposits only rose 0.023 %.

All the savings banks, except three, lent on mortgage. The interest charged varied from 4 to 8% but the most usual rate, even in 1911, was 4½ %. The average rate which was 4.79 % in 1910 was raised to 4.82% in 1911.

In the following table the Banks are classified according to the rate of interest charged on mortgage loans.

Ordinary Rate of Interest on Mortgage Loans														Total Number of Banks	Number of Banks not lending on Mortgage	
4	4 2/10	4 1/4	4 3/10	4 1/2	4 6/10	4 3/4	4 9/10	5	5 1/4	5 1/2	6	6 1/2	7			8
—	—	10	—	255	1	200	1	130	12	18	27	10	7	1	675	3

*Statistics of Savings Bank Books.* — At the end of the year 4,385,064 savings bank books had been issued ; 639,753 accounts were opened in the year and 516,797 closed, so that the total number had increased by 122,659. The number of books per 100 inhabitants was 15.2 with a maximum of 33.52 in Bohemia and 22.34 in Lower Austria and a minimum of 0.05 in Dalmatia ; the increase in the number of books was 2.88 % against 3.47% in 1910.

Classifying the books according to their amount, we have

Number of Depositors with Credits										Total Number of Bank Books
Less than 100 crs.	Between 100 and 200 crs.	Between 200 and 1,000 crs.	Between 1,000 and 2,000 crs.	Between 2,000 and 4,000 crs.	Between 4,000 and 6,000 crs.	Between 6,000 and 8,000 crs.	Between 8,000 and 10,000 crs.	Between 10,000 and 20,000 crs.	20,000 crs. and over	
1,171,452	608,156	1,253,263	558,132	419,372	161,990	76,630	43,836	67,479	24,754	4,385,064

*Fluctuations in Amount of Capital.* — The deposits in 1911 amounted to 1,860,952,625 crs. against 1,705,621,822 crs. in 1910. The increase in the amount of deposits between 1910 and 1911 was therefore 155,330,803 crs. (9.11 %). The withdrawals in 1911 amounted to 1,790,036,595 crs. against 1,610,256,957 in 1910 ; showing an increase of 179,779,638 crs. or 11.23 %.

*Amount of Deposits.* — The deposits in the savings banks at the end of 1911 amounted to 6,359,080,964 crs. The increase in the last five years was as follows :

Year	Increase (crs.)	Percentage
1907 . . . . .	172,887,896	3.53
1908 . . . . .	316,594,440	6.24
1909 . . . . .	326,047,506	6.04
1910 . . . . .	325,227,143	5.69
1911 . . . . .	314,635,304	5.20
Total increase in the five years	1,455,392,289	29.68
1907-1911 . . . . .	1,455,392,289	29.68

The principal provinces contributing to this very considerable increase, were Bohemia, with 515,000,000 crs. and Lower Austria with 394,000,000 crs.

The following table shows how this increase was made up, and it appears from it that it is principally due to the accumulation of interest on amounts deposited and not withdrawn.

Years	Excess of New Deposits (+) or Withdrawals (—)	Increase in Interest	Total Increase
		millions of crowns.	
1907 . . . . .	— 18.66	191.54	172.88
1908 . . . . .	+ 112.61	203.99	316.60
1909 . . . . .	+ 110.25	215.80	326.05
1910 . . . . .	+ 95.37	229.86	325.23
1911 . . . . .	+ 70.91	243.72	314.63
1907-1911 . . . . .	+ 370.48	1,084.91	1,455.59

*Average Credit per Book and per Inhabitant.* — The average amount per book has increased from year to year. In 1910 it was 1,418 crs.; in 1911 it was 1,450 crs. In 1911, the proportion per inhabitant, for the whole of Austria, was 221 crs. against 211 in 1910. In Upper Austria, the average per inhabitant was, in 1911, 557 crs., in Dalmatia it was 4 crs. 76 cent.

*Investment of the Capital of the Savings Banks.* — 57.88 % of the deposits in the savings banks was invested in mortgage loans, urban or rural; in 1910 the amount so invested had been 57.58 %. The following table shows the investments in 1910 and 1911 :



Nature of Investment	1910	1911	Increase or Decrease %
Mortgage Loans . . . . .	3,763,345,318	3,966,267,732	+ 5.39
Loans to Communes . . . . .	315,741,669	359,215,879	+ 13.77
Loans in Form of Bills of Exchange .	222,438,166	271,128,471	+ 21.89
Loans on Securities and Bonds . . .	75,222,082	84,959,318	+ 12.94
Personal Credit . . . . .	3,782,480	4,212,433	+ 11.37
Personal Securities . . . . .	1,651,425,781	1,646,100,643	- 0.32
Real Estate . . . . .	99,569,032	103,436,800	+ 3.88
Deposited with Credit Institutes . .	265,518,537	279,369,457	+ 5.22
Cash . . . . .	42,179,329	39,447,619	- 6.48
Other Assets . . . . .	86,663,871	88,648,064	+ 1.94
Loss through Depreciation of Securities.	—	9,537,088	—
Total . . . . .	6,526,186,265	6,852,323,504	+ 4.98

The loans on mortgage (including those to communes, amounting in 1911 to 162,791,651 crs.) have increased from year to year.

The increase was most considerable in 1910; in 1909 there had been an increase of 3.72 % on the previous year, while in 1910 the increase rose to 5.41 %.

In 1911 we have to note a slightly smaller increase, 5.39 %.

The mortgage loans granted by the Austrian Savings Banks in the last few financial years increased as follows:

Years	Mortgage Loans	Increase on Preceding Year		Proportion of Capital Invested in Mortgage Loans
		crs.	%	
1906 . . . . .	3,208,894,814	—	—	—
1907 . . . . .	3,329,831,767	+ 120,936,953	+ 3.77	59.55
1908 . . . . .	3,442,153,795	+ 112,322,028	+ 3.37	59.93
1909 . . . . .	3,570,043,686	+ 127,889,891	+ 3.72	57.58
1910 . . . . .	3,763,345,318	+ 193,301,632	+ 5.41	57.66
1911 . . . . .	3,966,267,732	+ 202,922,414	+ 5.39	57.88
From 1907 to 1911 . . . . .		+ 757,372,918	+ 23.60	

More than half the deposits of the Austrian Savings Banks are therefore invested in mortgage loans, safe indeed, but not very remunerative and not readily realisable. Investments in personal estate are also much

in demand on account of their being easily realisable ; but, on account of the depreciation of Government securities, they are not absolutely safe.

Finally, in regard to mortgage loans, we repeat here what we have already had occasion to mention in this Bulletin, that the official statistics do not make distinction between loans on mortgage on rural and on urban estate. Such a distinction would have enabled us, within certain limits, to show the manner in which the national savings are invested in mortgage loans and what proportion benefits agriculture. This it would be desirable to learn on every ground, in view of the large amounts of the mortgage loans granted by the savings banks; in fact, the amounts invested by them in mortgage loans far exceed those granted by the Public Land Credit Institutes and mortgage banks limited by shares (1).

(1) In 1909, the savings banks had invested 3,402,619,374 crs. in mortgage loans and the Public Land Credit Institutes and Mortgage Banks Limited by Shares, had invested 2,598,059,000 crs.

## DENMARK.

### RURAL MORTGAGE DEBT IN DENMARK.

#### OFFICIAL SOURCES:

LANDBRUGETS PRIORITETSGAELD (*Agricultural Mortgage Debt*). In the "Statistiske Efterretninger, utgivet af det Statistiske Departement" (*Statistical Bulletins, published by the Government Statistical Office*), March, 1914. Copenhagen.

LANDBRUGETS PRIORITETSGAELD I DE ENKELTE DELE AF LANDET. (*Agricultural Mortgage Debt in the Various Parts of the Country*). In "Statistiske Efterretninger, utgivet af det Statistiske Departement" (*Statistical Bulletins published by the Government Statistical Office*), April, 1914. Copenhagen.

The Danish Government Statistical Office has just published a return of the mortgage debt on rural land in Denmark, on the basis of the figures reported at the date of the new valuation of the land for cadastral purposes in 1909 (1).

We shall now briefly consider this work.

The 169,460 rural holdings in Denmark were estimated to have a value of 2,691,000,000 crs. in respect to the land alone, and the live and dead stock was estimated at 689,000,000 crs. The total value, then, that could be mortgaged was 3,310,000,000 crs. The total amount of the mortgages registered was 1,417,000,000 crs. or 42.5 % of the above total amount; yet this percentage seems to be too high, as in the valuation of 1909 for purposes of the cadastre very low estimates were made.

The following table shows how many rural holdings were mortgaged and how many were unencumbered.

	Number of Holdings	Units of Cadastral Valuation	Value for Purposes of the Cadastre (Millions of Crowns)		
			Land	Stock	Total
Mortgaged . . .	152,203	315,400	2,257.0	610.9	2,867.9
Unencumbered	17,257	47,600	364.2	77.8	412.0
Total . . .	169,460	363,000	2,621.2	688.7	3,309.9

(1) See Article on the "Establishment of the Cadastre in Denmark", in the number of this Bulletin for June, 1914.

As we see, about a tenth part of the rural holdings were free of all charges. The value of these holdings was 13 % of the total value of rural land, which would imply that they were holdings a little larger than the average of those mortgaged. The burdens on these amounted to 49.5 % of their value, or about 4,500 crs. per unit of cadastral valuation.

Let us add that the holdings in the islands are generally less encumbered than those of Jutland, as appears from the following table.

	Number of Holdings	Units of Cadastral Valuation	Value in Millions of Crowns	Mortgages		
				Millions of Crowns	% of Total Value	
Islands	Holdings Mortgaged . . .	57,674	169,900	1,412.6	656.6	47.0
	„ Unencumbered . . .	6,672	30,300	269.8	—	—
	Total . . .	64,346	200,200	1,682.4	656.6	39.0
Jutland	Holdings Mortgaged . . .	94,529	145,500	1,455.3	760.4	52.3
	„ Unencumbered . . .	10,585	17,300	172.0	—	—
	Total . . .	105,114	162,800	1,627.5	760.4	46.7
Whole of Denmark	Holdings Mortgaged . . .	152,203	315,400	2,867.9	1,417.0	49.4
	„ Unencumbered . . .	17,257	47,600	412.0	—	—
	Total . . .	169,460	363,000	3,279.9	1,417.0	42.5

This is principally due to the fact that most of the Danish entailed estates, almost or entirely unencumbered, are situated in the islands.

The State domains and the land belonging to communes or public establishments are very little mortgaged. On the other hand, the farms of the small state farmers (*Statshusmænd*) are to a large extent mortgaged on account of the State loans received (1). The following table shows the situation in regard to these various holdings:

(1) See in the number of this Bulletin for January, 1914, the article, "Home Colonisation in Denmark from 1901 to 1911".

	Number of Holdings	Units of Cadastral Valuation	Estimated Value (Millions of Crowns)	Mortgages	
				Millions of Crowns	% of Total Value
Holdings belonging to the State, Communes etc. . . . .	1,289	5,700	41.0	1.7	4.1
Entailed Estates and Similar Holdings . . . . .	95	30,100	280.1	8.1	2.9
Small State Farms . . . . .	4,201	1,600	23.7	17.9	76.0
Other Holdings . . . . .	163,875	325,600	2,965.1	1,389.3	46.0
Total . . . . .	169,460	363,000	3,309.9	1,417.0	42.5

The mortgage indebtedness of the last class of holdings is distributed as follows among the holdings in the islands and in Jutland:

	Number of Holdings	Units of Cadastral Valuation	Estimated Value (Millions of Crowns)	Mortgages		
				Millions of Crowns	% of Total Value	
Islands	Holdings Mortgaged . . . . .	56,048	159,200	1,311.8	642.2	48.8
	» Unencumbered . . . . .	6,138	11,000	100.3	—	—
	Total . . . . .	62,186	170,200	1,412.1	642.2	45.5
Jutland	Holdings Mortgaged . . . . .	91,623	143,000	1,427.9	747.1	52.3
	» Unencumbered . . . . .	10,066	12,400	125.1	—	—
	Total . . . . .	101,689	155,400	1,555.0	747.1	48.1
Whole of Denmark	Holdings Mortgaged . . . . .	147,671	302,200	2,739.7	1,389.3	50.7
	» Unencumbered . . . . .	16,204	23,400	225.4	—	—
	Total . . . . .	163,875	325,600	2,965.1	1,389.3	46.9

In the whole country, the total value of the unencumbered rural holdings was 225,000,000 crs. or 7.5 % of the total value of rural holdings.

The value of the mortgaged holdings was 2,740,000,000 crs. but the mortgages on them only amounted to 50.7 % of this.

When the entailed estates, State domains etc. are subtracted, we find 18.1 % of the rural holdings of Jutland were unencumbered, against only

7.1 % in the islands. It is true the Jutland holdings were more heavily burdened, (to 52.3 % of their value) than those of the islands (to 48.9 %) so that the whole of the rural land of Jutland is more heavily burdened (48.1 %) than that of the islands. (45.5 %).

These are, of course, only general averages, for, if we consider each of the Danish departments separately, we arrive at the following results.

Department	of	Approximate Percentage of Mortgage Indebtedness	Percentage of Unencumbered Holdings
Bornholm		57.5	4.6
»	Hjorring (I)	50.1	7.4
»	Ringkøbing (I)	48.0	10.5
»	Thisted (I)	47.9	11.5
»	Randers (I)	47.7	8.2
»	Frederiksborg	46.8	9.1
»	Aarhus	46.3	11.4
»	Ribe (I)	45.7	10.6
»	Aalborg (I)	45.7	13.3
»	Viborg (I)	45.5	10.5
»	Holbæk	45.2	8.1
»	Vejle (I)	44.0	12.3
»	Maribo	41.9	9.7
»	København	41.5	10.6
»	Soro	40.8	14.1
»	Præsto	39.4	15.2
»	Odense	30.2	26.7
»	Svendborg	27.8	30.6

We must now show in what degree the holdings are burdened, in respect to their area. This we see in the following table.

Area of Holdings	Number of Holdings	Units of Cadastral Valuation	Value in Millions of Crowns	Mortgages		Percentage of Unencumbered Holdings
				Millions of Crowns	%	
More than 12 ha. . . .	449	28,600	242.3	113.0	46.6	5.6
Between 6 and 12 ha. . .	1,157	18,400	145.9	83.4	57.2	4.4
» 2 » 6 » . . .	23,257	142,300	1,052.0	502.4	47.8	6.6
» 1 » 2 » . . .	23,917	68,700	584.3	264.4	45.2	8.0
» 1/2 » 1 » . . .	22,917	32,400	339.0	153.8	45.4	8.4
Less than 50 ares . . .	92,178	35,200	2,363.5	272.3	45.3	10.1
Total . . .	163,875	325,600	2,965.1	1,389.3	46.9	7.6

(1) Department situated in Jutland.

Altogether, the relative position of Jutland and the islands remains the same as before said: a smaller number of holdings mortgaged in Jutland, but a heavier burden on those mortgaged. Our last table shows the situation in detail:

Area of Holdings	Percentage of Unencumbered Holdings		Percentage of Total Value Mortgaged	
	Islands	Jutland	Islands	Jutland
More than 12 ha. . . .	5.4	5.9	44.0	54.1
Between 6 and 12 " . . .	3.7	5.1	56.0	57.7
» 2 " 6 " . . .	6.2	7.2	47.0	48.9
» 1 " 2 " . . .	7.4	8.4	43.9	46.0
» 1/2 " 1 " . . .	8.1	8.6	43.5	46.3
Less than 50 ares . . . .	12.0	9.2	40.4	47.5
Total . . .	7.1	8.1	45.5	48.1

Let us add that from our two last tables it appears that small holdings are more often unencumbered than large. This is a general fact, and therefore the more worthy of consideration.

## SPAIN.

### THE WORK OF THE AGRICULTURAL CREDIT INSTITUTIONS IN SPAIN.

#### I. THE "PÓSITOS".

##### OFFICIAL SOURCES (I) :

- MEMORIA QUE ELEVA AL GOBIERNO DE S. M. EL DELEGADO REGIO DON EDUARDO GULLÓN — DELEGACIÓN REGIA DE PÓSITOS (*Memorial Presented to His Majesty's Government by the Royal Delegate, Don Eduardo Gullón. Royal Delegation of "Positos"*). Madrid, March, 1913.
- Do. Madrid, March, 1912.
- Do. Madrid, March, 1911.
- APÉNDICE A LA MEMORIA QUE ELEVA AL GOBIERNO DE S. M. EL DELEGADO REGIO DON EDUARDO GULLÓN. DELEGACIÓN REGIA DE PÓSITOS. (*Appendix to the Memorial Presented to His Majesty's Government by the Royal Delegate, Don Eduardo Gullón. Royal Delegation of "Positos"*). Madrid, March, 1913.
- Do. Madrid, March, 1912.
- MEMORIA QUE ELEVA AL GOBIERNO DE S. M. EL DELEGADO REGIO CONDE DEL RETAMOSO. DELEGACIÓN REGIA DE PÓSITOS. (*Memorial Presented to His Majesty's Government by the Royal Delegate Conde del Retamoso. Royal Delegation of "Positos"*). Madrid, March, 1909.
- Do. Vols. I and II. Madrid, March, 1908.
- LOS PÓSITOS EN ESPAÑA. MEMORIA PRESENTADA AL GOBIERNO DE S. M. POR EL DELEGADO REGIO DON JOSÉ MARIA ZORITA (*The Positos in Spain. Memorial Presented to His Majesty's Government by the Royal Delegate, Don José Maria Zorita*), Madrid, January 25th., 1907.
- CALBETÓN (Fernán): Apuntes para el estudio del Proyecto de Ley de Crédito Agrario. Ministerio de Fomento (*Notes for the Study of the Agricultural Credit Bill. Agricultural Department*). Madrid, 1910.

##### OTHER SOURCES :

- COLOMA (Jesus R.): Pósitos. La evolución de un organismo del Estado. En *Revista Católica de Cuestiones Sociales (The Pósitos. Evolution of a State Institution. In the Catholic Review of Social Questions)*. Madrid, March, 1914.
- Do. De crédito agrícola. Los Pósitos. Su liquidación (*Agricultural Credit. The Pósitos. Their Liquidation*). Madrid, February, 1914.

(1) For the general bibliography of agricultural credit in Spain, consult the list preceding the articles "Agricultural Organisation in Spain" and "Problems of Rural Land Credit and the Banco Hipotecario de España", published in the Numbers of this Bulletin for February and July, 1912, respectively.



- DO. De crédito agrícola. Pósitos de la Tierra, su liquidación. (*Agricultural Credit. Local Positos. Their Liquidation*). Madrid, January, 1914.
- AGRO: Los Pósitos, su liquidación. En el progreso agrícola y pecuario (*The Positos. Their Liquidation*). In " *Progress of Agriculture and Livestock Improvement* ". Madrid, January 15th. and 31st., 1914.

The question of agricultural credit is certainly at once the most pressing and the most difficult of all relating to agriculture in Spain.

It has often been said that the principal cause of the decline of Spanish agriculture and the inadequate progress it is now making is the want of capital.

Nowhere is less money invested in the country than in Spain. Even when it is made there and derived from the soil its owners place it in preference in State funds, as they seek safe investments and freedom from anxiety in regard to its administration, since the revenue depends on the industry and intelligence of the administrator.

All this would explain the action of the State in a matter, like this, of such social importance, which may at last endanger the very existence of the rural population.

There has been no lack of proposals laid before the Spanish Parliament, with the object of solving the problem, and those of Montero Rios, Gamazo, Moret, Sanchez Toca, Calbetón, Zulueta etc., amongst others, deserve special mention, but we may say that very little has been done up to the present beyond the reorganization of some institutions already existing and the grant of permission to certain others to conduct agricultural credit business.

It is, however, certain that all the Governments have recognized the gravity and urgency of the matter and it may already be foreseen that we shall not have long to wait for the general organization of agricultural credit.

But if there is as yet no such general organization, there are, instead numerous institutions that, on a larger or smaller scale, tend to supply the want. Among the most important, let us mention (a) the " Pósitos ", (b) the Bank of Spain, (c) the Leo XIII Bank and (d) the Rural Banks.

We shall here exhibit the principal characters of these various institutions with an account of their work in recent years; we shall begin with the most ancient: the " Pósitos ".

#### § I. SOME NOTES ON THE ORIGIN AND EVOLUTION OF THE PÓSITOS.

Our readers are already acquainted with these ancient Spanish institutions which have rendered such great service to the humble labourers of the Peninsula (1). So we shall limit ourselves here to a few brief remarks

(1) See the Numbers of this Bulletin for February, 1912 and May, 1913.

on the origin of these establishments and the vicissitudes they have passed through.

Their origin cannot be ascertained with precision: although the principle on which they are based was already known to the Roman law, the public granaries then founded disappeared at the date of the invasion of the Barbarians, so that there is no link between them and the "Pósitos". The only certain fact we can take account of is that the Catholic Kings encouraged their foundation in the whole Kingdom and the first regulation of them dates from the *Pragmática* of Philip II in 1584.

The "Pósitos" were founded to serve as storehouses for a certain quantity of grain to be distributed to the peasants for their consumption or for sowing in seasons of scarcity. They had besides to "provide travellers with cheap bread and succour the poor".

Thus, these municipal granaries were in the first place charitable institutions, and even for their loans they only asked an insignificant rate of interest, a quantity of grain varying with the amount of the loan, but always very small, called "*creces*".

The Pósitos were therefore, at first, institutions of Royal foundation. They were so successful and so welcome that private persons also began to found them, so that in 1558 there were 12,000. We shall not here show through what vicissitudes the institutions passed after having attained a certain development. It is enough to say with the former Royal Delegate of Pósitos, Zorita, that "in certain places, civil wars, Carlist and Regional, led to the disappearance of the pósitos and gave the opportunity to unconscientious debtors or responsible administrators to destroy the proofs of their engagements or of their guilt; in addition to this, crises and famines to a certain extent justified the employment of the funds of the Pósitos on municipal undertakings or for assistance to the needy, perhaps as advances to be repaid, but not repaid owing to the circumstances of the time; often, the disaster was due to evident malversation on the part of unscrupulous and, in most cases, insolvent, councillors". So, in 1850, there were hardly more than 4,000 Pósitos.

It must be added that, the pósitos, maintaining their primitive organisation while agriculture developed progressively, soon ceased to meet the needs of the latter.

A law then became necessary to make their administration independent of politics and local discussions and restore them to their former flourishing condition.

Such a law was passed on January 23rd., 1906.

The principal provisions of the law are as follows: All the services in connection with the pósitos are subjected to the Agricultural Department. The pósitos will no longer confine themselves to advancing seeds to labourers but will extend their action to include loans in money, act as rural loan and savings banks, facilitate the purchase or the employment of agricultural implements, machinery, manure, breeding stock and all requisites for agriculture and livestock improvement. They may likewise receive grain in deposit and grant advances of not more than 50 % of the value

of the deposit at the rate fixed for loans in money, the interest on which may in no case exceed 4 %. The maximum term for loans will be a year, and they will be renewable for another year. Loans can only be granted to farmers and for purposes of agriculture, on personal security. When there are many applications, the loans must be in preference granted to small farmers paying the smallest tax for agriculture or livestock improvement. For the purposes of the inventory of the assets, the realisation of credits and the transformation of the existing *pósitos* so as to obtain for them as rapidly as possible the means of continuing and accomplishing their mission, the law provided that the Minister of Agriculture should appoint a Royal Delegate entrusted with its execution, and furnished with extensive powers (1).

For the complete application of the law in view of the deplorable condition of the *pósitos*, the Royal Delegation had necessarily in the beginning two objects to attain: liquidation of the *pósitos* without exciting ill feeling and their modernisation as far as possible.

Consequently, it began by "*Metalización*", that is to say, by realising the greater part of the assets of these establishments and all the credit that could be collected.

With a healthy energy, a firmness not however excessive — it could not, in fact, be forgotten that the *Pósitos* were founded for the assistance of the peasants and not to ruin them — in five years the delegation was able to reconstitute a capital of 50,000,000 pesetas (not including the amounts already in cash belonging to 3,460 *pósitos*) it also founded 80 other *pósitos* with a capital of 626,919 pesetas, and subsidised others to the amount of 266,141 pesetas:

Between 1906 and 1912 the number of *pósitos* increased as follows:

Years	
1906 . . . . .	3,410
1909 . . . . .	3,501
1910 . . . . .	3,520
1911 . . . . .	3,529
1912 . . . . .	3,540

*Pósitos* are not found in every part of the country; we may say that their work is only regular and useful in the two Castilles, Leon, Aragon, la Mancha and Extramadura. There are none in Galicia and the Basque Provinces, which are essentially districts of livestock improvement, where there is hardly any grain cultivated, and consequently *Pósitos* could be of no use there, before the realisation of their assets.

In Catalonia and the east of Spain there are few *Pósitos* and those that exist are of little use to the farmers, on the one hand, on account of

(1) This delegate was appointed for 5 years, but at the end of the term he was confirmed in his office until the reorganisation of the *pósitos* could be completed, and now the office has been eight years in existence.

the excellence and the progress of agriculture in these provinces and, on the other, on account of the defective organization of the Pósitos. In Andalusia we find the most important Pósitos, also, generally, the worst managed.

The really characteristic district where the Pósitos are truly prosperous is Castille. The Castilles have 2,016 Pósitos or 57 % of the total number in Spain.

The province of Guadalajara (New Castille) has the most (294). That of Burgos, in Old Castille, is a model district, with 164 establishments; in 1912, the loans granted amounted to 658,557 pesetas distributed in 5,481 loans; in the same year 5,127 repayments were made, amounting to 636,550 pesetas.

## § 2. WORK OF THE PÓSITOS IN THE TWO YEARS (1910-1912).

In order to exhibit in detail the work of the Pósitos in the above two years we shall reproduce the principal information contained in the memorial of the Royal Delegation for 1912.

In that year, the receipts of the Administration of the Delegation (as contributions paid by the Pósitos, interest on Government bonds, collections and under other heads) amounted to 619,813 pesetas. The expenditure was 566,340 pesetas, with 162,532 pesetas for the central administration service or altogether 728,872 pesetas.

The Delegation employed 61,500 pesetas in the foundation of new pósitos; the persons concerned who asked for these foundations contributed 26,196 pesetas. The new Pósitos were founded at Menorguens, and Termens (Lerida), Almonacid de la Sierra, La Gata, Rueda de Jalón and Riela (Saragossa), San Asensio and Viguera (Logroño), Revilla de Campos (Valencia) and Valverde (Canaries),

We shall now consider the progress of the existing pósitos, generally, indicating in the following table their financial situation at the end of each year, since it has been possible really to judge of the work of the Delegation, that is to say since 1910.

### *Financial Situation of the Pósitos on December 31st.*

Years	Loans to Debtors	Cash	Land and Documents of Title	Total
1910 . . .	73,791,679	13,681,928	6,050,827	93,524,435
1911 . . .	74,699,131	13,715,710	6,297,928	94,712,770
1912 . . .	77,036,689	12,106,945	6,136,657	95,280,291

It must be remembered that of the total loans, an amount of 53,474,939 pesetas represents old debts and is consequently difficult to recover. We shall now consider the increase in the loans granted by the Pósitos in the same period.

*Loans Granted by the Pósitos.*

Year	Loans Granted		Repayments	
	Number	Amount	Number	Amount
1910 . . . . .	87,950	13,920,260	109,426	16,625,046
1911 . . . . .	107,849	16,307,587	108,136	16,450,021
1912 . . . . .	230,992	21,626,705	121,613	19,700,421

We may see from these figures that the number of loans granted and the repayments have both considerably increased. The repayments may again be divided as follows:

Year	Repayments Obtained Amicably		Repayments Obtained by Means of Judicial Execution	
	Number	Amount	Number	Amount
1910 . . . . .	101,121	15,239,898	8,305	1,385,148
1911 . . . . .	93,366	14,027,492	14,770	2,422,529
1912 . . . . .	110,927	18,003,015	10,686	1,697,406

Comparing these figures with those for previous years, the memorial observes that the repayments made amicably have been more numerous, each year, a proof that the Pósitos are gradually being reorganized.

We shall close this section with a reproduction of the General Statement of Accounts of the Pósitos for 1912:

	Pesetas
Cash in Hand, January 1st. . . . .	13,715,704
Receipts:	
Repayments made Amicably. . . . .	18,003,015
Obtained by Means of Judicial Execution . . . . .	1,584,615
Interest Collected . . . . .	883,493
Sale of Land and Bils. . . . .	327,640
	34,514,468
Expenditure:	
Loans Granted. . . . .	21,626,705
Expenditure Unprovided for . . . . .	400,506
Administrative and Legal Expenses . . . . .	255,616
Taxes and Miscellaneous Expenses. . . . .	124,694
	22,407,521
Balance . . . . .	12,106,947

### § 3. THE VARIOUS TENDENCIES TOWARDS A FINAL ORGANIZATION OF THE PÓSITOS.

We have rapidly considered what has been done up to the present by the Royal Delegation of the Pósitos to reorganize these establishments. The work, is, however, far from complete. Señor Calbetón, one of those who has most deeply studied the question, says: "It is not enough to liquidate the Pósitos, to ascertain their capital, separate their good and bad debts and realise their assets; when once this ungrateful work is accomplished and has put an end to so many old abuses, we must not abandon the pósitos without modifying their organization in respect to what is out of date; to submit them perpetually to the dictatorship, which the law of 1906 only authorized as an exception with the object of avoiding greater evil, would be to adjourn the solution, if not to complicate the problem; to leave them without defence, with no central organisation, would be to open their safes to the greed of all and to expose them to every kind of abuse". The moment in fact seems to have arrived for adopting a definite resolution in regard to the situation of the Pósitos, so that their realised assets may indeed be useful to agriculture.

Many are the proposals that have been put forward. One, dating from the first half of the last century and which has still to day some partisans, is to use the capital of these establishments to found a Central Bank or establishment to exert its action over the whole country in a modern, simple and practical manner. But, in addition to the enormous difficulty of the complete liquidation of the pósitos, a consideration of a moral order has been brought forward in opposition to this proposal: the capital of the Pósitos, in any case, belongs to the villages. Consequently, the State can and must see that it is properly used and prevent malversation but must stop there, as this property belongs to others although it is held in common.

A different theory has been advanced in defence of the Pósitos, that "their disappearance would be no progress but rather an irreparable blow to agricultural credit". The idea is that it would be useless to found these large agricultural banks, which by reason of their distance from the labourers and other difficulties inherent in their operation, could be of no use to those who have immediate need of small loans and could offer no other guarantee than their own honesty. Again, the foundation of rural banks is not a matter for official action, but they must be based on the mutual system, on reciprocal confidence and can only follow the development of the spirit of association. Thus in those places where there are no rural banks and yet the need for credit is beginning to be felt, a pósito should be founded, as, owing to its official character, it could be started and work under the protection of the Government.

The most recent tendency is that manifested among the rural associations. The Royal Delegation is invited to solve the problem by giving

a part of the capital of the Pósitos to fill the empty safes of the numerous agricultural social organizations already existing in certain regions, which, as their organization is perfect, only need capital to fulfil their mission.

To rightly understand this theory — among its advocates, Señor Coloma deserves special mention — we must consider the capital at the disposal of the Royal Delegation as consisting of three classes: (1) the funds which are as it were its own capital, those to which no pósito has any special claim, but which belong to the institution as a whole, namely the interest on the provincial assessments, that is to say, a sort of tax on the capital lent by the Pósitos to the Provincial and central administrations for their working expenses, and amounting altogether to 800,000 pesetas. In this class are also included the amounts due to the pósitos from the State, on loans granted on occasion of wars and epidemics; this debt has reached, after many renewals, the amount of 14,357,842 pesetas.

(2) The second class represents money the Pósitos keep immobilised, not at interest, in current account in the branches of the Bank of Spain, now amounting to 4,000,000 pesetas.

(3) The last class consists of 40,000,000 pesetas now in the hands of borrowers.

When we study the history of the Pósitos, we find some of them called *Pósitos de la Tierra* (*Local Pósitos*) differing from the others in that their administration takes root in a special locality and can found branches (*juntas auxiliadoras*) in other villages. Those in favour of the theory we are considering propose that the first class of the funds of the Pósitos above indicated be used for founding *Pósitos de la Tierra* by means of subventions to the agricultural social organizations of the localities in which they are formed.

As to the second class of capital it is bitterly regretted that in a country like Spain, where so much harm is caused by usury, there should be so large a sum immobilised in the current account of a bank, especially when this money is derived from the country to which it should return. Such an anomaly is due to various causes, but chiefly, it is said, it must be laid to the charge of the local administration of these establishments and the borrowers.

In fact, the law of 1906, when it entrusted the Municipal Councils with the local administration did not consider that the managers would be the councillors and would subordinate their trust to their administrative and political duties, and that, therefore, it would be much more convenient for them to refuse a loan and thus escape all liability, without taking the trouble to enquire into the solvency of the applicant. Even in the villages the erroneous idea is often entertained that every borrower is a ruined man.

Now, it is claimed that the Delegation might solve the difficulty by replacing the present managers by others better suited for the work. Such are the managers of the voluntary rural organizations, syndicates, rural banks, co-operative societies, mutual insurance societies etc.

The remedy would be, then, merely to entrust the management of the Pósito to the rural organization of the locality, possessing civil personality and suited to the work, or one which might be founded specially for the purpose. Thus also the second defect pointed out, the fear of the publicity of the loan would be got rid of: experience showing that everywhere where there is a special organization for credit, this false conception of credit has disappeared.

In a village where the pósito is inactive or where there is no agricultural institution, where even people refuse to found one for any reason, the Royal Delegation should entrust the capital, as a loan, to the Pósito de la Tierra, working in the region, the nearest Federation, loan bank or Syndicate, reserving to the inactive Pósito the ownership of the money and a reasonable interest, for example, 2%. "We have no right to deprive a village of the ownership of its Pósito, but there is no law, human or divine, which obliges us to support an incapable administration. The property is not to be touched, but its managers may be, when there is risk of the general interests suffering severely".

On these considerations, the Federation of Agricultural Syndicates of la Rioja has urged the Government to give the administration of the Pósitos to the labourers themselves.

We reproduce its principal proposals: (a) that the Municipalities be authorized and obliged to cede the management of the pósitos to the labourers organized in legally constituted agricultural associations on their applying for it; that the Royal Delegation have power to compel this transfer in the case of municipal councils managing the pósitos badly or leaving them inactive. (b) That the funds liquidated and administered by the Delegation not belonging to special municipal pósitos be used for the foundation of Pósitos de la Tierra. The 72 agricultural syndicates of la Rioja urge the foundation of a Pósito de la Tierra for themselves and all their members at Logroño, to be founded with 250,000 pesetas taken from the above funds. For its part, every syndicate or association adhering undertakes to contribute to the capital of the society a minimum of 5 pesetas per member or 200 pesetas per union.

It seems that the syndicates of Navarre and Aragon intend to follow the example of those of la Rioja. The Spanish farmers hope that, in one way or another, there will soon be realised the definite organization of an institution which, without being free from defects, has, however, potent vital forces, as is proved by its maintaining itself for centuries in spite of numerous abuses.



# HUNGARY.

## MORTGAGE STATISTICS IN HUNGARY.

### OFFICIAL SOURCES :

REPORT OF THE ROYAL HUNGARIAN CENTRAL STATISTICAL OFFICE, forwarded to the International Institute of Agriculture.

ANNUAIRE STATISTIQUE HONGROIS (*Hungarian Statistical Yearbook*), New Series. Vol. XIX. 1911. Budapest, 1913,

### § I. ATTEMPTS TO DISCOVER THE AMOUNT OF THE MORTGAGE INDEBTEDNESS OF HUNGARY.

The first attempts made in Hungary to estimate the mortgage debt on urban and rural land date from 1858, when the land registers were examined in order to obtain the statistics. But since these registers had only been instituted shortly before, they were found quite insufficient for the purpose.

Nor was a second attempt carried out by the National Statistical Office in the same way in 1867 any more successful. However, this time it was possible to make an official return of the mortgage loans granted by the Hungarian credit institutes.

From this return, however, there were excluded not only the amounts of the mortgage loans granted by private individuals and incorporated bodies, but also those of the loans made by foreign land credit institutes.

In 1883 the original attempt of discovering the mortgage debt on land from the land registers was resumed, but at the same time it was decided to carry out a partial inquiry into the land debt in certain parts of the kingdom.

The results were published in 1895, but, as we read in the official report forwarded to the International Institute of Agriculture, this attempt also failed to give fully satisfactory results.

In 1892 the Agricultural Department, when it was organising the general agricultural census, decided also to ask for the return of the burdens on the land and a new trial census was taken in 1898, to a large extent on the same lines as those followed in the enquiry of 1883.

It therefore seems to us desirable to indicate the course followed in these operations.

The Central Statistical Office, entrusted with the conduct of the enquiry, made use of a schedule of questions and census forms to be filled in.

By means of the schedule of questions, the statistics of the *principal mortgage charges* were obtained from the land registers where they were entered against each holding, as were also separately the *additional mortgage burdens* on other land serving as security for the mortgage credit already reported as registered against the holding.

The auxiliary mortgage burdens were then noted on separate census forms.

By means of this schedule of questions it was possible at once to find the number of farms and the amount of the debt secured by the principal mortgage on each of them. This method reduced the possibilities of error through the same debt being calculated a second time from the additional mortgages.

Both the schedule of questions and the census forms were prepared with great diligence and skill.

Each schedule of questions, intended to discover the burdens on the holdings entered in the land registers on June 30<sup>th</sup>, 1895, made careful provision in the first place for ascertaining the *position of the holding, its area* and the *name and residence of the owner, or owners* in case of joint property. Besides, the owner was asked whether and in what communes he had other land and in what register it was entered.

After having thus sought to ascertain clearly the principal data needed for the specification of the individual mortgages and for the study of the distribution of the debts according to the area of the holding, the enquiry went on to an accurate search for the data necessary to obtain a true knowledge, from the economic point of view, of the holding and its indebtedness.

As regards the registered debts, account was taken of the *date of registration, their amount* and the *interest to pay*. Loans redeemable in instalments were distinguished from those not so redeemable, and, in the first case, the period in which they were redeemable and the amount of the instalments had to be given.

If the enquiry had been successful, a perfect knowledge would have been obtained of the way in which the mortgage indebtedness of Hungary was distributed according to the character of the persons and institutes, whether national, Austrian or foreign, assisting the landowners with money, and the causes of the debt. That is, statistics would have been obtained of the greatest importance for the study of the principal economic problems connected with the question of rural indebtedness.

In fact, in the case of the mortgage loans, redeemable in instalments or not, it was asked if they had been granted :

- (a) by Hungarian Credit Institutes
- (b) » Austrian » »
- (c) » Foreign » »
- (d) » Minors' Estates

(e) » Associations, Co-operative Societies etc.

(f) » Private Individuals ;

and, in the case of the redeemable loans alone, whether by :

(g) the Austro-Hungarian Bank ;

(h) the State Treasury.

Enquiry was further made whether the debt were due :

(1) to sale of real estate ;

(2) » inheritance ;

(3) » seizure ;

(4) » non-payment of taxes ;

(5) » bills ;

(6) » other obligations ;

(7) » claims on the estate due to family circumstances.

There were other questions in the list such as whether the mortgage was conditional, whether secured on the annual yield etc.

At the end of the schedule, there were questions in regard to the territorial situation and the number of the entry in the land registers for the holdings subject to additional mortgages to guarantee those previously mentioned.

On the census forms for the holdings burdened by additional mortgages it was necessary to fill in the name and the residence of the owner entered in the land register, the title of the holding burdened, the amount of the charge and the date of the entry. At the end of the list, enquiry was made with regard to the register number and the situation of the holding burdened with the principal mortgage. The abstracting for this enquiry of 1898 showed the state of the land registers did not permit of completely reliable statistics of the mortgage debt being obtained. Above all in the provinces the land registers failed to show the real situation. Often charges no longer existing had not been cancelled, and debts, in part paid off, figured for their full amount. On the other hand, there were burdens on land not registered, as, for example, those deriving from contracts with irrigation societies etc. Now all these errors could have been corrected with the help of the Department of Finance, but other new difficulties would have had to be overcome. So that, after the first trial, it was decided not to extend the enquiry, as the expenses to be incurred would be out of proportion to the results that could be obtained.

It may therefore be said that the problem of a general return of mortgage charges is still awaiting its solution, which, in Hungary as in many other States, chiefly demands the reorganisation of the mortgage registers.

In the absence of reliable official statistics, the mortgage indebtedness of Hungary has been calculated conjecturally. Thus Fellner, in certain studies published in the Bulletin of the "Institut International de Statistique", came to the conclusion that the debt on the land amounted to 2,860,000 crs. and represented a charge of 18.6 % of the value of the land calculated at 15,375,000,000 crs.

## § 2. FLUCTUATIONS IN MORTGAGE INDEBTEDNESS.

The efforts made to obtain statistical returns of the fluctuations in mortgage indebtedness have led to better results, although, as the information is obtained from the land registers, these results are also affected by the errors in the keeping of the registers we have mentioned above.

Every year, since 1875, the Land Registry Office sends the Central Statistical Office of the Kingdom of Hungary a return of the new mortgages entered and of the mortgages cancelled.

This return shows both the number of operations and the amounts entered or cancelled; changes of ownership of real estate (showing whether they are due to contract, inheritance or judicial execution); changes in the entries and cancellations of mortgage charges. In indicating the number and amount of the registrations it is stated whether these owe their origin to contract, to previous registration not yet final (1), to inheritance or judicial mortgage. In regard to the cancellations of mortgages, distinction is made between cases in which the creditor has only recovered part of his credit, and those in which cancellation is made on account of extinction of the debt or for any other reason.

Every year, then, statistics are published of the number and value of the mortgaged estates which change hands and the fluctuations in the mortgage charges, on the basis of the information supplied by the land registry office.

As we see, in the last Statistical Annual, in 1911, there were 623,489 mortgaged landed properties transferred of a total value of 1,776,122,000 crs.

Of these 623,489 landed properties, 497,070 valued at 1,460,000,000 crs. were sold; 18,006, valued at 38,000,000 crs. were the subject of judicial execution; 107,127, of a total value of 270,000,000 crs., passed to new owners by inheritance.

In the following table we reproduce some data that may serve to illustrate the fluctuations in the mortgage indebtedness between 1901 and 1911 in Hungary:

(1) These mortgages, valid only for brief periods, give the creditor the advantage of precedence of others in the final registration, without his immediately paying the heavy charges.

*Fluctuations in Mortgage Indebtedness between 1901 and 1911.*

Year	New Mortgages Registered				Mortgages Cancelled			Excess of Mortgages Registered over those Cancelled
	In Virtue of Contract or Preliminary Registration	on Account of Judicial Execution	on Account of Inheritance	Total	Partial Repayment of Creditor	Extinction of Debt or any other Cause	Total	
<i>Number of Mortgages Registered or Cancelled.</i>								
Average 1901-05 . .	350,596	92,561	41,083	484,240	11,490	304,218	315,708	168,532
» 1906-10 . .	410,533	105,212	32,360	548,105	9,445	342,872	351,817	196,288
» 1911 . . .	458,124	113,358	28,390	600,380	5,006	374,240	379,246	221,134
<i>Amount of Mortgages Registered or Cancelled (in thousands of Crs.).</i>								
Average 1901-05 . .	672,484	59,799	13,003	745,286	24,420	513,129	537,549	297,737
» 1906-10 . .	1,036,040	63,232	15,739	1,115,011	16,607	635,259	651,866	463,145
» 1911 . . .	1,606,224	66,564	13,922	1,686,710	15,664	864,918	880,582	806,128

As we see, the increase in mortgage indebtedness in the above mentioned eleven years was very considerable and even more so as regards the amount than the number of the mortgages. This shows that a great current of capital is flowing towards investments in average sized and large holdings.

We must, however, bear in mind that the above figures show an increase in the mortgage indebtedness in excess of the truth, as many of the mortgages paid off and all the annual instalments paid are omitted from the list of cancellations of mortgages.



## Part IV: Miscellaneous

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### UNITED STATES.

#### SOCIAL AND ECONOMIC PROGRESS OF THE NEGRO FARMERS.

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## § I. NEGROES IN CITIES AND IN THE COUNTRY.

On January 1st., 1863, Abraham Lincoln solemnly proclaimed the freedom of the Slaves in the United States of America. This decree for which preparation had been made by the antislavery resolutions passed in Congress in June and July, 1862, was followed by the federal laws of June 28th., 1864 and December 18th., 1865, and by those passed in the separate States, that at various dates granted the negroes the full enjoyment of the civil and political rights of all American citizens.

In 1860 there were only 488,070 free negroes to 3,953,760 slaves, that is 35.5 % of the total population, and by far the greater number inhabited the Southern States. These States, the agricultural system of which, characterized by the prevalence of immense plantations, was based exclusively on negro labour, opposed the enfranchisement of the slaves with all their might, conducting a long and bloody war, the war of secession, with desperate persistence from 1860 to 1865, when it ended with their defeat.

The negro slaves were almost entirely employed in field labour or in the domestic service of their masters; few were engaged in other occupations: very few, comparatively, were included in the urban population.

It was natural that the emancipation should give rise to a migration of the mass of the negroes to the cities: yet emancipation alone would not have sufficed to explain the intensity assumed by the movement, which became a real exodus, had it not been accompanied by a general change in the conditions of the negroes about that time. And the change was, from various points of view, rather for the worse than for the better. The negroes after their emancipation, while still untrained for independence, had to pass through a period of confusion, of race and party hatred, of severe economic crisis, misgovernment, excesses unrepressed and indeed difficult to repress, in the isolation of the country districts. It will be enough to refer to the proceedings of the *Ku Klux Klan*, a mysterious organization, composed of turbulent and violent persons, who often at night time, their faces covered with horrible masks, visited the negro villages in large mounted bands, destroyed the crops, burned the houses (sometimes even those of the whites who sympathised with the negroes) and disappeared leaving behind them confusion and terror, without any one knowing where they had come from or whither they had gone.

This state of things, lasting from the time of the emancipation up to 1872, tended as was natural, to increase the exodus of the negroes to the towns: which offered them a better chance of fortune and greater safety. To this must be added the psychological motive of which account must be taken "the desire to move about a little, just to find out what freedom was like" (see page 107) and the temptation, after all excusable in men compelled from their birth to labour, to idle a little. The following figures



may give some idea of the importance of the negro exodus about this time: between 1860 and 1870 in fourteen cities of the south, the negro population increased 90.7 %, while the white population only increased 16.7 %.

When the political condition of the Southern States became more settled, the negro emigration from the country slackened, but did not stop, although it assumed a more regular course. For other causes succeeded to those already given: the beginning of the industrial development of the Southern States, the opening up of immense mining districts, the new and important industry of the extraction of oil from cotton seed. Large cities grew up absorbing more and more labour and diverting it from agriculture. Social legislation was introduced and extended and principally for the protection of industrial workmen.

As we see, these were no longer motives specially affecting the negroes, but the labourers of every race generally. And in fact it may be said that now, every thing considered, the negro exodus to the towns corresponds with that of the whites, when the same influences and circumstances are at work.

The increase in the white and black rural and urban population between 1890 and 1900 was as follows :

	Negroes		Whites	
	1890	1900	1890	1900
Continental United States . . . . .	7,488,676	8,833,994	55,101,258	66,809,196
Cities of at least 2,500 inhabitants	1,482,651	2,001,121	21,011,367	58,506,146
Rural Districts . . . . .	6,006,025	6,829,373	34,089,891	38,303,005

The increase, therefore, is similar in the case of the whites and the blacks (respectively 35.2 % and 35.7 % in the towns and 13.7 % and 12.4 % in the country). The rural exodus of the negroes would have perhaps been greater, had it not been checked by other circumstances: amongst them the unfavourable conditions under which the negroes live in the cities, crowded together in the poorest and least healthy quarters; the consequent high death rate, especially among the children; the evident inferiority of their social condition compared with that of the whites (in many States there are special laws for the separation of blacks and whites on the trams and in public places); and their inferior aptitude for mechanical and industrial occupations.

In this way, notwithstanding their decided tendency to urbanism, many of the negroes of the United States of America remain in the country and agriculture still continues to be the most important of the occupations in which they engage. As we have no more recent information in regard to the distribution of negroes according to their occupations, we shall give the figures for 1900 :

*Occupations of Negroes.*

Agricultural Pursuits . . . . .	2,143,154
Domestic and Personal Service . . . . .	1,317,859
Trade and Transportation. . . . .	208,989
Manufacturing and Mechanical Pursuits . . . . .	275,116

More than half the wage earning negroes are therefore engaged in agriculture. They form about 20 % of the entire agricultural population of the United States, but the proportion is far larger when only the Southern States are considered, especially in the *Black Belt* (1) where the negro population is densest. Of 9,827,763 negroes in the United States (the total population of the Union being 93,402,151), 8,749,427 are to be found in the South (1910), where in some counties, they form 25 % of the total population and in certain districts as much as 90 %. More than half the farms of South Carolina, Mississippi and Louisiana and little less than half of those of Alabama and Georgia are worked by negroes.

In the last ten years (1900-1910), the number of negro farmers increased to a comparatively larger extent than that of the whites; in fact in fifteen states in the South the former increased 19.9 % that is from 739,835 to 887,691, while the corresponding increase for the latter was only 17 %, that is from 1,870,600 to 2,191,705.

The negroes of the United States, therefore, remain principally an agricultural class.

## § 2. THE NEGROES AS FARM LABOURERS.

Before the abolition of Slavery, the agricultural labourers of the Southern States were, as already said, almost exclusively negroes. The plantation system then predominant, was characterized by the cultivation of large areas and the employment of many labourers. Of these very great skill was not demanded; for as a rule there was no regular rotation of crops and from year to year the same plant was cultivated (cotton, sugar cane, rice, indigo). On the other hand, the labourer had to be endowed to a high degree with the physical strength for prolonged labour in a semi-tropical climate and also, in view of the size of the farms, to be subjected to rigid discipline. The African slaves answered these requirements: they were therefore imported in large quantities, at first openly, and afterwards clandestinely, when the laws of various states had forbidden the importation.

(1) Extending from the coast of South Carolina to the States of the Gulf of Mexico

The condition of the black slaves in the United States was generally tolerable, in so far as slavery ever can be so. The white masters were as a rule kind to them, either through an interested anxiety not to lose this kind of livestock, or out of humanity. The last motive was more frequent among the owners of smaller farms, who had passed much time in daily contact with their black labourers. The relations of the slaves and masters in such cases even became affectionate and gave the plantation life of the South that patriarchal character, which, in spite of its many sad and painful sides, partly explains how millions of men could so long support the yoke of slavery. Indeed, the negroes gave wonderful examples of their affection and fidelity even up to the time of the war of secession: when, in more than one instance, they remained to protect the wives, children and property of their masters who were fighting.

The proclamation of emancipation substituted the system of free contract for that of slave labour. However, if the condition of the labourers was improved in law, at first it was not in fact; since, indeed, the free hire of labour was in many ways akin to slavery, without its few good points. The relation between the white masters and the negro labourers was radically changed. The bonds of affection and devotion were lost in the violent convulsion of a whole system of life, the economic conditions that had contributed to the kindly treatment of the slaves had been changed. There was in fact no further reason to spare the negro stock, to attend to the sick, to make the exhausted rest; on the other hand, it was good economy to get as much work out of them as possible, seeking a maximum of profit with a minimum of expenditure. Nor, on the other hand, did the critical situation of the Southern landowners, to a large extent ruined by the war and the emancipation of the slaves, permit of their offering their labourers high wages.

All these circumstances, together with those general political and economic conditions mentioned in the preceding section, and the other general causes of urbanism, led to the rural exodus of negroes and to its being to an eminent degree an exodus of labourers. In fact, if the proportion of the negroes engaged in agriculture to that of the negroes over ten years of age occupied in the various pursuits fell from 55.5 % in 1890 to 52.8 % in 1900, this was especially due to the fact that, although the total number of negro labourers increased (from 1,106,728 in 1890 to 1,344,116 in 1910), there was at the same time a comparative decrease of from 64.9 % to 63.7 % in the number of negroes engaged in agriculture.

The tendency of negro labourers to emigrate from the country is especially seen in the proportion of their number to the total number of agricultural labourers of all races, which fell from 36.8 % in 1890 to 30.5 % in 1900, a decrease, that is to say, of 6.3 % in ten years.

Yet the importance of negro labour in the United States is still very great, especially in the Southern States. In 1900 there were in the North American Republic 1,344,116 rural negro labourers, distributed as follows:

North Atlantic States . . . . .	10,831
South Atlantic " . . . . .	574,535
North Central " . . . . .	18,357
South Central " . . . . .	739,909
Western " . . . . .	484

Total . . . 1,344,116

In the South Atlantic States the negroes form scarcely more than half of the agricultural labourers of all races; in the South Central States a little less than half, in the North Atlantic States 2.61 %, in the North Central States 1.50 % and in the Western States only 0.30 %. The differences are therefore very considerable in the different regions, and this is still more evident when we consider the figures for the separate States.

TABLE I. — *Number of Rural Labourers over ten years of Age in the United States (1900).*

	Total	Negroes		Total	Negroes
Maine . . . . .	21,976	25	Missouri . . . . .	162,916	8,742
New Hampshire . . .	12,714	29	North Dakota . . .	24,193	21
Vermont . . . . .	18,443	73	South Dakota . . .	26,749	15
Massachusetts . . .	31,515	576	Nebraska . . . . .	59,601	70
Rhode Island . . . .	5,304	292	Kansas . . . . .	89,271	1,954
Connecticut . . . . .	19,847	676	Kentucky . . . . .	165,432	26,100
New York . . . . .	148,456	2,902	Tennessee . . . . .	182,905	54,724
New Jersey . . . . .	33,220	4,031	Alabama . . . . .	286,195	180,864
Pennsylvania . . . .	123,208	3,037	Mississippi . . . . .	259,668	199,077
Delaware . . . . .	9,126	3,176	Louisiana . . . . .	173,510	128,617
Maryland . . . . .	59,134	21,443	Texas . . . . .	273,188	78,098
District of Columbia	618	282	Oklahoma . . . . .	68,478	5,450
Virginia . . . . .	138,613	61,285	Arkansas . . . . .	156,455	67,079
West Virginia . . . .	58,796	1,063	Montana . . . . .	8,979	22
North Carolina . . .	233,288	104,046	Wyoming . . . . .	3,138	16
South Carolina . . .	237,326	180,354	Colorado . . . . .	14,825	35
Georgia . . . . .	282,347	181,565	New Mexico . . . .	7,758	12
Florida . . . . .	37,343	21,021	Arizona . . . . .	3,393	6
Ohio . . . . .	138,066	2,910	Utah . . . . .	8,698	10
Indiana . . . . .	118,498	1,599	Nevada . . . . .	2,760	7
Illinois . . . . .	184,959	2,268	Idaho . . . . .	7,814	9
Michigan . . . . .	97,527	603	Washington . . . . .	17,455	46
Wisconsin . . . . .	93,718	64	Oregon . . . . .	17,316	21
Minnesota . . . . .	94,195	41	California . . . . .	67,493	300
Iowa . . . . .	133,450	270			

The condition of the negro labourers is still to day not so good as that of the whites. The wages are lower, so much so that in the States where negroes are the most numerous the average wages are lower than in those where their numbers are fewer.

Another interesting fact should be noted, which may also have contributed to the fall in the average wages: namely, the larger proportion of the black women engaged in agriculture as compared with the white. In

fact, while in 1900 the women labourers of all races were 15 % of the women receiving wages in the United States, the percentage in the case of the negro women was 37.9.

The low wages affect the general system of farming in the parts where negro labourers predominate: make large estates more possible, render the use of machinery in farm work less convenient and, together with the special climatic conditions, contribute to prevent the immigration of European labourers. With respect to this it is easy to see that the foreign farm labourers are least numerous where the negro labourers are most plentiful. They were distributed in fact in 1900 as follows in the various parts of the Union:

North Atlantic States . . . . .	62,985
South Atlantic " . . . . .	2,819
North Central " . . . . .	142,394
South Central " . . . . .	21,136
Western " . . . . .	29,145
Total . . . . .	258,479

The importance of black labour for American agriculture is, finally, to be considered in relation to the cultivation of cotton. Before the abolition of slavery, cotton formed the principal produce of the Southern States; and even to day, in spite of the competition of new countries and the severe losses caused by the cotton boll weevil (*Anthonomus grandis*), the Southern States of the North American Union are still among the principal cotton producers in the world. Today more than half the cotton produced by the United States is cultivated by negroes: they are, through long tradition, and on account of their power of resistance to the climate, the heat and malarial fever, excellently fitted for this class of labour.

### § 3. SHARE TENANCIES OF VARIOUS FORM AND LEASES.

If a tendency to a comparative decrease of negro agricultural labourers is observable, on the other hand, we find an increase in the various forms of share tenancy and lease. This is a further progress of the negro labourer, who, having passed from slavery to the free lease of his labour, is now seeking higher and more independent economic positions.

This advance was first made possible by the conditions of agriculture we have mentioned in the Southern States, after the abolition of slavery: on the one hand, the economic crisis through which the landowners, ruined by the war and deprived of their principal wealth, their slaves, had to pass; on the other, the difficulty of retaining the negroes for agriculture at the moment at which the tendency to rural exodus was strongest. A compromise had therefore to be come to between the landlords and the labourers who had no land; this led to various forms of share tenancy, which were at first, in the ultimate analysis, a mere disguise of simple hire of labour; intended to keep the labourer on the farm until after the harvest by postponing to that date the payment of the wages in kind.

The quality of the work could not but be improved in this way: the labourer being directly interested and jointly responsible for the progress of the farm. The system, in the end, benefited the farmers in another way as, while the risks were divided, they were spared the necessity of paying wages in cash.

Of the forms of share tenancy then devised, some have now fallen into disuse, others have been modified, while some still remain. Thus, a form of contract has been almost completely abandoned, though it was very widespread in the years immediately following the emancipation of the slaves, by which the negro had to work for a certain number of days a week on the employer's farm, receiving in return the right to cultivate a piece of ground for his own account, together with the necessary stock and sometimes also wages in money. According to other contracts, the labourer received some of his wages in money and the rest as a specified share of the harvest.

Evidently we have here intermediate steps between simple hire of labour and share tenancies. The latter in their pure form only appeared later. At first the portion of the crop assigned to the negro tenants (*share croppers*) was very small — one third, a fourth and even a fifth of the produce — varying with the fertility of the soil and the proportion in which the employer had contributed by provision of the seed, stock etc. Certainly such a proportion of the produce, though small, must have yet seemed reasonable to those who up to a short time before could claim no reward for their labour and whose requirements were so limited. However, the position of the share croppers was generally far from happy: since the risk assumed by them was not compensated by a corresponding share in the profits; so that one inferior harvest was enough to involve them in debt to the landowner or the local storekeeper who had supplied them with seed, farm implements or the articles of first necessity to enable them to live until harvest time.

Their debts to the landlord and the storekeeper were secured on a crop lien: the landlord having the first claim. In this way it often happened that at the end of the season when the harvest was bad, the whole share of the share cropper went to pay his debts. Indeed, it often was not sufficient to pay them: and in that case the tenant had no chance of seeking better conditions, hence the law in many of the Southern States forbade his leaving the farm till he had paid his debts. That he was unable to do so was frequently enough the case, owing to the hard conditions of the contract (as almost always the least infringement of it gave the landlord a right to the whole crop); so under various aspects there was a renewal of conditions resembling slavery.

To day the conditions of the negro share tenants are in many ways improved. There is an inferior form of tenancy, various families of tenants working on large plantations under the supervision of the master who assigns the lots, distributes the labour and settles the crops to be cultivated and a superior form in which the tenant cultivates a piece of ground for his own account, specially allotted to him, managing it on his own responsibility.

In this case we have forms akin to metayage or quite identical with it.

But the progress of the negro has not stopped here: from a simple sharing in the crop (payment in kind made by the landlord for his work), advance was made to the payment by the tenant of a fixed amount in money or produce (the tenant, undertaking to work the farm, paid the landowner for the use of the land); from the forms of share tenancy the negro advanced to the contract of lease. The tenant then completely emancipated himself from every kind of supervision and was enabled to manage the farm and conduct all the business of the sale of the produce.

A proof of the progress of the negro farmers is that they are more and more found working under the conditions of these higher classes of share tenancy or under contract of lease — and we shall hereafter see more and more of them becoming landowners — and this increase of the negroes in such situations is not only absolute, but relatively greater than that of the whites.

Unfortunately, the last census (1910) does not give special figures for the negroes who are grouped under the head of *coloured people*, together with the Indians, Japanese and Chinese. Yet these general figures may provide sufficiently accurate information with regard to the negroes, as, in view of the very different local distribution of the coloured farmers, we may judge when they refer almost exclusively to negroes and when to other coloured races. The following table shows the distribution of the various races in the territory of the Union.

TABLE II. — *Various Races of Farmers (Landowners, Tenant Farmers) in the United States.*

	White	Coloured			
		Negroes	Indians	Chinese	Japanese
New England . . . . .	188,460	310	32	—	2,502
Middle Atlantic States . .	466,418	1,310	638	5	—
East North Central » . .	1,117,772	4,843	870	2	8
West North Central » . .	1,100,084	5,603	4,238	2	2
South Atlantic » . . .	756,019	354,530	1,303	13	21
East South Central » . .	717,262	324,885	332	1	16
West South Central » . .	734,125	201,422	7,584	10	—
Mountain » . . . . .	175,415	218	7,524	91	45
Pacific » . . . . .	185,061	263	1,716	636	195
Total . . . . .	5,440,619	893,384	24,237	769	2,502

It is therefore, clear that up to the present the very large majority of the coloured landowners and tenant farmers, and in the Southern States almost all, are negroes. So much said, we can give their true value to the following figures :

TABLE III. — Coloured and White Tenant Farmers in the Southern States.

Tenant Farmers	Number of Farms		Area (acres)		Improved Land (acres)		Value of Land and Buildings (dollars)	
	1900	1910	1900	1910	1900	1910	1900	1910
<i>South Atlantic States.</i>								
White Tenant Farmers . . . . .	222,813	257,248	20,901,274	19,404,449	10,173,547	10,282,648	271,208,770	511,192,135
Coloured . . . . .	202,785	253,181	11,008,752	11,883,633	6,729,866	8,232,835	93,467,270	256,410,768
<i>East South Central States.</i>								
White Tenant Farmers . . . . .	217,271	262,506	13,519,640	13,805,785	7,771,233	8,667,486	188,042,860	348,889,378
Coloured . . . . .	217,660	266,232	8,723,077	8,979,405	6,451,742	7,316,647	101,630,790	206,158,274
<i>West South Central States.</i>								
White Tenant Farmers . . . . .	238,659	346,524	28,369,461	39,393,567	11,847,878	21,495,442	271,093,093	1,001,334,114
Coloured . . . . .	131,956	151,061	5,093,015	5,704,764	3,878,452	4,546,893	73,029,270	154,199,105
Total for the Southern States . . . . .								
White Tenant Farmers . . . . .	678,743	866,278	62,790,395	72,603,801	29,991,759	40,246,475	736,344,723	1,861,415,627
Coloured . . . . .	552,401	670,474	24,824,844	26,567,802	17,060,060	20,996,375	628,117,330	616,768,147



From this table we see that in the South Atlantic and East South Central States almost half, and, in the West South Central States, almost a third of the farms are managed by coloured tenant farmers. The tendency to increase in the numbers of both white and negro landholders and tenant farmers is clearly shown from the statistics (based on the figures in the preceding table) showing the increases per cent in the period 1900-1910.

TABLE IV. — *Increase per cent of White and Coloured Farmers (1900-1910).*

Distribution and Classes of Farmers	Number of Farms		Area of Farms		Improved Farms		Value of Land and Buildings	
	Land- holders	Tenant Farmers	Land- holders	Tenant Farmers	Land- holders	Tenant Farmers	Land- holders	Tenant Farmers
<i>South Atlantic States :</i>								
White Farmers	11.8	15.5	-1.6	-7.2	1.7	-1.1	100.7	88.5
Coloured »	19.8	24.9	27.5	7.9	28.4	22.3	185.5	174.3
<i>East South Central States :</i>								
White Farmers	9.2	20.8	-1.8	-2.1	6.4	11.5	81.1	85.5
Coloured »	17.7	22.3	18.3	2.9	29.1	13.4	148.6	102.9
<i>West South Central States :</i>								
White Farmers	16.9	45.2	7.8	38.9	37.3	80.7	170.2	269.4
Coloured »	11.8	14.5	8.1	12.0	18.4	17.2	134.8	111.2
<i>Total for the South :</i>								
White Farmers	12.0	27.6	2.5	15.6	13.8	34.6	116.9	154.9
Coloured »	17.0	21.4	17.5	7.0	25.0	17.8	150.0	130.0

The area cultivated by both white and coloured tenant farmers has increased in smaller proportion than the area of the improved farms and the average value of the land and buildings. The advance has therefore been rather in quality than in quantity.

It must be observed that in the ten years 1900-1910 the increase in the number of tenant farmers has been greater than in that of the landowners. However, the total area owned by the negroes has increased in greater proportion than that leased by them, while the contrary has been the case with the area owned and leased by the whites.

The percentages in the West South Central States differ considerably from those for the other two groups of Southern States, since, while in the latter the increase of the white tenant farmers and landholders has been

less than that of the coloured, the contrary is the case in the West South Central States. But in spite of these differences, the general increase of negro tenant farmers is evident and common to all the divisions of the South.

#### § 4. NEGROES AS RURAL LANDHOLDERS.

While in 1860 the few free negroes only possessed an insignificant portion of the agricultural land of the United States, the census of 1909 shows the value of the land held by negro farmers at about 230,000,000 dollars and the census of 1910 shows the value of the agricultural property (land and buildings) belonging to coloured farmers (1) in the South alone as 272,992,238 dollars (106,619,328 dollars in 1900).

The conditions that occasioned the rise and increase of landed property among the American negroes are as a whole the same as those we have already mentioned when speaking of share tenancies and leases. Indeed, the latter forms of agricultural economy to a large extent give rise to the former. The necessity of giving the emancipated negroes an interest in the farm had led to their education for other forms of economic independence. But, it had at the same time gradually caused that subdivision of the large plantations which rendered it possible for the negroes to advance to the position of landed proprietors. In fact, the average area of Southern farms is being more and more reduced simultaneously with the increase in the number of negro farms.

TABLE V. — *Average Area of all the Farms in the Southern States : 1860-1910 (in acres).*

Year.	Total Southern States	South Atlantic Group	South Central Group
1860 . . . . .	335.4	352.8	321.3
1870 . . . . .	214.2	241.1	194.4
1880 . . . . .	153.4	157.4	150.6
1890 . . . . .	139.7	133.6	144.0
1900 . . . . .	138.2	108.4	155.4
1910 . . . . .	114.43	93.3	126.24

There is a notable difference between the figures for 1860 and 1870. At present the average area of holdings in the Southern States is less than the in the Northern States, for the former average is 114.43 acres and the latter is 143 acres. The contrary was the case in the past, especially before the war, when large holdings almost absolutely predominated in the South. Now, on the other hand, while the area of the South is a little less than a third of the total area of the United States and belongs to a third of the States, the number of holdings is 49 % of the total number in the Union.

(1) See what we have said on this subject on page 95.

The increase of negro rural holdings has been very slow and only in recent years has it been accelerated. A fairly long time had to pass before the mass of the negroes could persuade themselves of the possibility of their becoming absolute lords and masters of a piece of land, however small. But when they were convinced, the desire to attain this end spread. We must remember there was no inherited property: they had to begin with nothing, relying only on their own hard work and their persistent economy.

Booker T. Washington, one of the most enlightened of the negroes to whom his race owes much of its advance, tells us the story of a negro, who, when liberated from slavery was already an old man, and attained prosperity as a rural landowner. We think it well to quote the story as an interesting and characteristic example of the way in which many negroes formed their agricultural holdings (1).

"When he (the old negro) was "turned loose", as he put it, at the end of the Civil War, he was, about sixty years of age, and at that age, he began life, as a great majority of my race began at that time, with nothing.

He did not own a house; he had but little clothing, and no food but a bag of meal and a strip of bacon. He had gotten out of slavery, however, a close and intimate acquaintance with the soil and the habit of work.

After freedom came, he left the plantation on which he had been a slave and went to work on an adjoining place as a "renter". He told me that when he was first free he had to move about a little, just to find out what freedom was like. But he soon found that in most respects there was very little difference between his condition in freedom and his condition in slavery. The man of whom he rented furnished him rations, directed his planting and kept after him to see that he made his crop.

At the end of the year the charges for rent and interest had eaten up all that he had earned, so that from one year to another he was not any better off than he had been the year before. When he did come out with a little money to his credit the storekeeper soon got it all, and, if he fell sick or anything happened to his family, he sometimes found himself in debt at the end of the year, and then he was worse off than if he had nothing.

One of the chief privileges of freedom he found to be the opportunity for getting into debt, but after he had succeeded in getting into debt he learned that he had lost even the privilege which had remained to him of moving from one plantation to another", as frequently the law in the Southern States prevents a tenant from leaving the plantation until he has paid his debt.

"Gradually the old coloured farmer began to see that he was making no headway and that his condition might easily become worse.

(1) See Booker T. Washington, *The Story of the Negro*, vol. II, pp. 48 et seqq.

It was about this time that he began coming to our " Annual Negro Conference " at " Tuskegee Institute ". There he heard the stories of the Negro farmers, some of whom had worked themselves out of this condition of partial slavery that I have described. As he listened to these stories, he began to realise that what had been possible for others was possible for him also. He began to think for the first time in his life of getting a home of his own. A place, as he told me, where if he drove a nail or planted a tree it would stay there and could be handed down to his children. He began thinking about the land on which he was working, and a passionate desire to own and improve it took possession of him. He wanted to be in a position where he could afford to improve his surroundings and preserve for his children the improvements that he made.

In order to get more out of the soil he arose early in the morning before daybreak and he and his wife and his children were out in the field all day and late at night. In the midst of his work the rented mule, which he had been using to make his cotton crop, died.

This was a terrible blow to him, but it proved his economic salvation, for it determined him to have an ox or mule that he could call his own next year.

The old farmer talked the matter over with his wife and between them they agreed upon this plan : they would do all the work they could during the day with their hoes, and after dark, by the light of the moon, the old man would put the harness that the mule had worn on his own back, and, while his wife held the plough, he pulled it through the furrow as well as he could. This method of cultivating the soil was so unusual that he did not care to attract the attention of his neighbours by working in this way during the day.

At the end of the season he found that he had cleared enough to buy an ox. I have heard the old man tell more than once how proud he felt when he owned an ox that he could call his own, something at any rate, that was absolutely free of debt and no man had a claim upon it, with the aid of this ox, he and his wife and his children made the next year a larger crop and, when the cotton had been picked, he had in his possession more money than he ever had before in his life. With this money he bought a mule. Working the mule and the ox together, he made a still larger crop and the next year purchased another mule.

Without detailing step by step the method by which the old man went forward, I might say that before many years had gone by he had become the owner in fee simple of over two hundred acres of land. He was living in a good house and had surrounded himself with most of the necessities and some of the comforts of life. Not only was this true, but I learned afterwards that he had been able to put considerable money in the local bank, of which he eventually became a stockholder."

Examples such as this, though of course not frequent, show how it has been possible for the negroes in the Southern States to obtain and increase their agricultural property.

The increase has been continuous: this is shown by the following figures for all the States of the Union.

TABLE VI. — *Rural Landholders, White (American or Immigrants) and Coloured, working their own Farms (1910).*

Geographical Distribution	Whites Born in the United States	Whites, Immigrants	Negroes and other Coloured Persons	Total
New England . . . . .	144,212	23,925	271	188,802
Middle Atlantic States . . . .	316,462	37,196	2,414	468,379
East North Central » . . . .	646,932	159,104	3,908	1,123,489
West North Central » . . . .	531,260	217,317	7,369	1,109,948
South Atlantic » . . . .	485,134	6,059	101,961	1,111,881
East South Central » . . . .	417,808	3,907	58,737	1,042,480
West South Central » . . . .	357,128	26,008	57,769	943,186
Mountain States . . . . .	125,426	27,743	7,675	183,446
Pacific States . . . . .	106,158	43,658	2,117	189,891
Total for the Union . . . .	3,162,584	544,917	241,221	6,361,502

As well as the other more characteristic figures for the Southern States in Table VII.

As we see the increase in the number of farms owned by negroes is undeniably considerable, although not so great as that in the number they lease. The increase in the case of farms held by negroes was 17 % as against 12 % in that of those held by whites. Yet still more considerable has been the progress in the matter of the improvement and enlargement of the existing farms. Although the average of the holdings of the negroes in the South is smaller than that of those of the whites (162.1 acres for the whites and 71.8 acres for the negroes in 1910 as compared with 177.2 acres and 71.6 acres respectively in 1900), they have shown a decided tendency to increase to a far greater extent than those of the whites (increase in the land held by the blacks in the period 1900-1910: 17.5 % as against 2.5 % for that held by the whites).

There has been a similar increase observable in the improved lands (25 % in comparison with the previous decade) and the value of the land and buildings (136 % since 1900): while in 1900 the average value of the negroes' agricultural holdings was 571 dollars, in 1910 it had become 1,250 dollars; so also the average value per acre increased from 7.98 dollars to 17.40 dollars.

As we see, therefore, the advance has been more in quality than in quantity and so is the more promising for the future.

TABLEAU VII. — Land holders Working their own Farms in the South, according to Race.  
(White and Coloured) 1900-1910.

Geographical Region	Number of Farms		Area of Farms (acres)		Improved Farms (acres)		Value of Land and Buildings (dollars)	
	1900	1910	1900	1910	1900	1910	1900	1910
<i>South Atlantic:</i>								
White . . . . .	442,396	491,193	64,498,437	63,483,405	25,700,843	26,148,320	741,156,350	1,487,725,662
Negroes and other Coloured Races . . . . .	85,116	101,961	4,427,439	5,646,378	2,099,232	2,695,947	36,982,908	105,568,619
<i>East South Central:</i>								
White . . . . .	413,775	451,715	53,543,623	52,592,020	23,660,079	25,170,277	588,037,473	1,064,815,312
Negroes and other Coloured Races . . . . .	49,911	58,737	3,837,853	4,539,952	1,714,020	2,213,645	28,539,910	70,937,214
<i>West South Central:</i>								
White . . . . .	327,635	383,136	91,714,424	98,818,268	20,579,221	28,263,944	618,628,135	1,671,394,113
Negroes and other Coloured Races . . . . .	51,649	57,769	5,093,392	5,505,206	2,233,553	2,621,527	41,096,510	96,486,405
<i>Total for the South:</i>								
Whites . . . . .	1,183,806	1,326,044	209,756,484	214,923,693	69,940,143	79,582,541	1,947,821,958	4,223,935,087
Negroes and other Coloured Races . . . . .	186,676	218,467	13,358,684	15,691,536	6,026,805	7,531,119	106,619,328	272,992,238

## § 5. NEGRO RURAL ASSOCIATIONS AND CO-OPERATIVE SOCIETIES.

The union of forces has contributed to this progress. There are several negro agricultural associations and co-operative societies, of economic character or for the promotion of moral and material interests. They have arisen under difficulties and are therefore fruitful of good results.

The first associations for the improvement of the negro race were formed amongst the whites, or by whites and blacks together on the initiative of enlightened minds in the universities or in the various churches. Those formed among the negroes alone for their economic and social advance were only founded later.

Amongst those specially concerned with agriculture the first in importance is the *Tuskegee Conference*, which held its first meeting at Tuskegee (Alabama), in 1880. This organization has worked continuously and actively in behalf of the negro farmers, especially the Southern farmers, bringing them into contact with each other and spreading new and improved methods of cultivation. The *Tuskegee Institute* founded by this organization is the principal centre for the economic and educational progress of the negroes.

The *Southern Improvement Association*, established in the neighbourhood of the Tuskegee Institute, succeeded in the six years preceding 1889 in obtaining about 4,000 acres for negro farmers who cultivated them under the direction of agents of the society and afterwards became proprietors of small farms of from 40 to 60 acres.

The *Farmers' Improvement Association of Texas*, the members of which (negroes) now possess more than 75,000 acres of a value of more than 1,000,000 dollars, founded an agricultural college at Lavonia, Texas, in 1906 and a bank at Waco (Texas) in 1911.

Let us also mention the *Country Farm Association*, founded in November, 1909 at Woodstown (New Jersey), with the object of spreading among the negroes the most improved methods of agriculture and sale of produce.

We shall briefly mention other organizations which, although not agricultural, have often been of assistance to the negro farmers. The *National Negro Bankers' League* organized at Boston in 1890 to stimulate enterprises of economic character among the negroes, and increase their members, includes 11 leagues having for their field of action entire States and also 221 local leagues. The *National Negro Bankers' Association*, founded in 1906, represents 64 negro banks with a capital of 1,600,000 dollars and a total business of 20,000,000 dollars.

## § 6. SOCIAL CONDITIONS OF THE NEGRO FARMERS.

The economic progress of the negroes in agriculture has been accompanied by their continual social improvement. This movement of a whole race that, after centuries of slavery, is tending to rise to the level

of the most advanced of those fellow citizens amongst whom its members live has been favoured by various circumstances. With the activity displayed in varying degree by the public authorities is united that of private associations both of whites or negroes, and of individuals inspired by humanity or patriotism. Let us mention such foundations as the *James Fund* and the *Slater Fund*, which have been and still are so important for negro education, especially in the South. The work of the Universities has been continuous and enlightened and their professors and students have accomplished studies and carried out investigations into the economic and social conditions of the negroes, exposing their most urgent needs.

The elementary school every year draws numbers of negroes from the darkness of ignorance, so that, while at the date of their emancipation, the great mass of the negroes were illiterate, in 1910, the illiterate negroes over ten years of age were 30.4 % (44.5 % in 1900).

The church in its various sects and divisions has also contributed to the work of progress. In the United States the negroes have their own churches, with clergy of their own race; the religious idea, advancing from what was almost idolatry in the first years after the abolition, has undeniably been a generally civilizing influence, especially amongst negroes in the country. The clergy, now more cultivated and enlightened, have been able, in addition to diffusing moral and religious principles among the negroes, to carry on a work of economic and practical instruction in places where other influences could not penetrate.

We must finally observe a general improvement in the outward conditions of field life. Progress from this point of view varies greatly in different localities, with the greater or less influence the various factors of civilization have been able to exert, the vicinity of cities, the means of communication and the greater or less difficulty of breaking with old local traditions. In some parts of the country, as on the coast of South Carolina, where in the slave days negroes were engaged in no other work than the rude and simple cultivation of the plantations, remote from communication with whites, except their masters and overseers, progress has been very slow. In other places, however, where the conditions were more favourable, the contrary has been the case. The rude hut made of tree trunks in which the slaves and even those liberated used to sleep after the fatigues of the day, crowded together in a small space, has been succeeded by a cleaner and healthier house, often provided with all the comforts of modern life. Economic and intellectual progress has rendered the need for greater comforts more keen, the desire for education more ardent.

These few notes will suffice to give an idea of the progress made by the negroes of America in little more than half a century and the beneficent influence that agricultural life has exerted upon them.



## FRANCE.

### MISCELLANEOUS NEWS.

I. — AGRICULTURAL SOCIAL COURSES. — The idea of the formation of a superior agricultural class by means of agricultural social courses is making progress and is realised in practical forms varying with the needs of the various regions.

Thus the *Union des Syndicats agricoles Vosgiens* (Union of the Agricultural Syndicates of Vosges) recently, with complete success, organized a week of Agricultural Social Courses at Bazoilles from the 8th. to the 15th. February. These courses were only attended by young farmers already members of the syndicates of their communes. In the invitation circular the President of the Unions represented to the managers of the syndicates the necessity of recruiting and forming a greater number of collaborators to manage the rural institutions.

With this object in view, the character of the courses and lectures has been very markedly practical. In the scheme now recognised, which provides for each day two morning courses, a visit of instruction in the afternoon and a third course in the evening, there would also be included a small number of theoretical courses and a whole succession of demonstrations relating to the technique of the associations and farms. Let us note, among these demonstrations, lessons on the bookkeeping of a mutual livestock society and a credit bank, studies on the cost of agricultural production, the calculation of the cost price, sale contracts, wages, commissions, transport, all matters of great practical importance for the associations and for good farming.

(Summarised from *La Chronique sociale de France*, of February 25th., 1914).

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2. — AGRICULTURAL LABOUR CONGRESS. — The first National Agricultural Labour Congress organized by the *Société Nationale de protection de la main d'oeuvre agricole* (National Society for the Protection of Agricultural Labourers), founded by M. Fernand Davis, will be held in Paris on the 4th. and 5th. December next.

Six divisions will be made for the work of the Congress.

1st. The Division for Rural Legislation, Wages and Insurance, presided over by M. Souchon, Professor at the Paris Faculty of Law and Lecturer at the National Agronomic Institute ;

2nd. That of Popular Agricultural Instruction, of which the President will be M. Tisserand, Member of the Institute and Honorary Director of Agriculture ;

3rd. That for Employment of Labourers, with, as President, M. Blanchard, Director of the Agricultural Office of Loire ;

4th. That for Land Credit, Labourers' Houses and General Health, the President of which will be M. Tardy, Principal Inspector of Mutual Credit and Agricultural Co-operation ;

5th. That of Small Agricultural Trades, with M. Dufourmantelle, formerly president of the Society of Social Economy, as President ;

6th. That of Métairie and the Various Contracts of Lease, under the Presidency of M. Marcel Vacher, Vice-Secretary of the National Society of Agriculture.

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3. — THE DOUBS AGRICULTURAL ASSOCIATIONS HOUSE. — At Besançon, on March 6th., the Minister of Agriculture and the Minister of Labour laid the foundation stone of a building to serve as the head quarters of 250 agricultural associations of the Department of Doubs, and especially of the mutual societies, all united in a *Fédération des associations agricoles du Doubs* (Federation of Doubs Agricultural Associations). The first of these unions was a departmental syndicate, with which a number of other important syndicates united. There joined these the mutual insurance societies of which most are united in a departmental reinsurance society, a Regional Agricultural Credit Bank, uniting 24 local banks, without counting the independent rural banks, and the livestock improvement syndicates, more than 70, united in federations.

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4. — INDUSTRIES AUXILIARY TO AGRICULTURE. — The 34th. General Meeting of the National Society for the Encouragement of Agriculture (*Société Nationale d'Encouragement à l'Agriculture*), was held in Paris from February 17th. to 19th. It as usual formed a special congress, occupied this year with the farm yard, the produce of which, for example, milk, eggs, poultry, fruit, vegetables, honey etc. provides a revenue of some thousand millions. Nearly 1,000 members were registered for this Congress and among them a large number of farmwomen, whose useful work for the maintenance and prosperity of the farm is recognised.

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5. — RURAL MONOGRAPHS. — The *Société des Agriculteurs de France* (French Farmers' Society) has opened a competition for 1916 for the best monograph of a rural commune. We think it well to give here the scheme for this monograph.

#### HISTORICAL INTRODUCTION (1).

I. — *General History of the Commune.*

II. — *Demographic History.* — Births: Legitimate, Natural. — Marriages — Deaths. — Movement of the Population — Emigration, Immigration. — Classification according to Employment.

III. — *Economic History.* — Division of the Land (2). — Kinds of Farming. — Peculiar Customs — Uses with regard to Succession — Rotation of Crops — Clearing — Diseases of the Plants and Animals — Price of the Land — Leases — Prices of Agricultural Produce. — Sales. — Modes of Sale — Taxes — Agricultural Associations.

IV. — *Social History.* — Conditions of Housing, Clothing and Food. — Customs — Savings — Alcoholism — Indigence — Foundations — Asylums — Benevolent Institutions — Mutual Aid Societies.

#### PRESENT SITUATION OF THE COMMUNE.

I. — *Physical Geography* (3) — Localities, Climate, Soil, Water Supply. — Means of Access.

II. — *Population.* — Distribution according to Age, Sex, Condition and Employment.

III. — *Emigration and Immigration* — Currents of Emigration — Their Causes — Do the Emigrants Return?

Currents of Immigration. — Are they Intermittent, Periodical or Regular?

IV. — *Division of the Land.* — Large, Medium Sized and Small Holdings. — Facility of Transfer. — Sales. — Seizures. — Communal Land. — Customs in regard to Succession.

(1) This introduction must be soberly treated, in the way of a simple preface, to prepare, explain and give value to the monograph, and not to smother it, sacrifice the present to the past, or make a display of erudition and archaeology. It must lead the reader to the eve of the present day; but, owing to its points of contact with the second part in which some of the same ground is necessarily gone over again, it is subordinate, leaving all the life and prominence to the contemporary facts in that part, which is, properly speaking, the real monograph.

(2) Small Holdings: from 1 to 6 ha.

Medium sized Holdings: from 6 to 40 ha.

Large Holdings: of 40 ha. and over.

(3) It would be well to give a map in illustration of this section.

V. — *Methods of Farming.* — Farms worked by the Owner and his Family. — on Lease — by Métayers.

VI. — *Kinds of Farm.* — Different Kinds of Farms in the Commune. — Livestock Improvement and Domestic Animals.

VII. — *Agricultural Education.* — Agricultural Instruction. — Experimental Farms.

VIII. — *Rural Industries.* — Union of Agricultural and Industrial Work. — Small Industries. — Auxiliary Industries.

IX. — *Wages and Labourers.* — Abundance or Scarcity of Labourers. — Wages in Money or in Kind, according to Season and Employment.

X. — *Condition of the Agriculturists.* — The Various Classes of the Agricultural Population (Landowners, Farmers, Métayers, Labourers): Dwellings, Clothes, Food.

XI. — *Economic Results.* — Cost Price (1) and Market Price of Agricultural Produce. — Taxes — Prosperous or Critical Situation.

XII. — *Agricultural Syndicates.* — Associations of Various Kinds: Credit — Purchase, Sale, Production.

XIII. — *Thrift.* — Savings. — Mutual Aid and Pension Societies — Insurance.

XIV. — *Assistance.* — Asylums — Hospitals — Medical Aid. — Relief.

XV. — Moral and Social State of the Commune. — Morals. — Relations between the Landlords and their Labourers or Tenants. — Prosperity or Distress. — Future of the Commune. — Conclusion.

(1) With regard to the cost price, do not only give general statements, but enter into precise details.

## GREAT BRITAIN AND IRELAND.

### PROPOSALS FOR LAND REFORM IN ENGLAND AND WALES.

#### SOURCES:

THE LAND. The Report of the Land Enquiry Committee. Vol. 1. Rural. Vol. 2. Urban. — London, 1913-14. Hodder and Stoughton.

THE LAND PROBLEM. Notes Suggested by the Report of the Land Enquiry Committee. — London, 1913. Wyman and Sons.

A UNIONIST AGRICULTURAL POLICY. By a Group of Unionists. — London, 1913. John Murray.

THE LABOUR PARTY AND THE AGRICULTURAL PROBLEM. — London, 1913. The Labour Party.

HARBEN (Henry D.): The Rural Problem. — London, 1913. Constable.

SPEECHES by the Chancellor of the Exchequer (Mr. D. Lloyd George) at Bedford, October 11th., 1913; at Swindon, October 22nd., 1913; at Holloway, November 29th., 1913; at Pwllheli, December 22nd., 1913, and at Glasgow, February 4th., 1914, and by the Prime Minister (Mr. H. H. Asquith) in London, December 9th., 1913.

For other publications relating to the Land Question and the more important articles which have been written on the subject, see the Bibliography at the end of the Section "Miscellaneous" in the Bulletin of May, 1914.

#### INTRODUCTION.

Considering the very severe crisis through which agriculture has passed in England in the last forty years, it is somewhat surprising that so little change has been made in the English land laws. While in Ireland, during the same period, the land system has been completely revolutionised, in England only slight modifications have been made with a view to securing to the tenant compensation for improvements or for disturbance or to relieving the agricultural interests from the pressure of local taxation. It is only now, when the crisis is past and agriculture is recovering from the depression, that the land system is being called in question, and demands are arising on all sides for its fundamental amendment.

The reasons for this new and general interest in the land question are manifold. In large part it is a phase of the greater interest which is being taken in social questions; England being an industrial country, these

were considered first in connection with urban conditions, but the turn of the rural dweller has now come and the conditions of the agricultural labourer are attracting attention. Even from the point of view of town workers it is felt by social reformers that something must be done to improve the agricultural labourer's position, since low wages in the country and the migration to the towns tend to depress industrial wages. There has, again, been an awakening to the importance of agriculture in the economy of the country, the failure to recognize which was largely responsible for the fact that so little was done to combat the agricultural crisis or to mitigate its effects. Questions, too, of the national physique, both from the general and the military point of view, and of food-supply in time of war are being actively discussed and these are intimately related with the condition of agriculture. Fiscal questions, again, such as the enlargement of the basis of taxation on the one hand and the renewed demands for protection on the other, have helped to bring the land question into prominence. Nor does this by any means exhaust the list of influences which are moving the country in the direction of land reform.

### § I. THE LIBERAL LAND ENQUIRY.

The Liberal Government, which has already established old-age pensions and a national system of insurance against sickness and invalidity is now putting forward proposals for the amendment of the land system. It had, indeed, already to some extent prepared the way for land reform by the great valuation which is being carried out under the Finance Act of 1910, but before deciding upon the form which its proposals should take, the Government asked some of its supporters to conduct a careful enquiry into the land question. Thus was formed the so-called Land Enquiry Committee, the Report of which has been published in two volumes under the title of "The Land, The Report of the Land Enquiry Committee. Vol. I: Rural. Vol. II: Urban". It is with the first of these volumes that we are here chiefly concerned, and we shall give, in some detail, the conclusions and recommendations which it contains.

In considering these, it will be well to bear in mind the essentially party character of the Enquiry. Although undertaken at the request of the Government it was not, strictly speaking, an official enquiry, since the Committee was neither a Parliamentary Commission nor a Departmental Committee. It was unofficially organised with a view to propounding a Liberal land policy and consisted exclusively of Liberals. This fact had, doubtless, considerable influence upon the conclusions arrived at and may even have coloured the statements of fact upon which the conclusions were based, although every effort seems to have been made to furnish an impartial account.

It should also be noted that in conducting the enquiry the social point of view was given precedence over the economic; that more importance was

attached to the improvement of the condition of the agricultural labourers than to promoting the welfare of the farmers and that the interests of the farmers were given priority over those of the landlords. This point of view determines the order of the Report, which deals successively with the wages and hours of labour; the rural housing problem and the conditions under which the labourer holds his cottage; the question of access to the land and the means whereby the labourer can rise from his position as a wage-earner; the cultivation of the soil and the reasons why much land is at present undercultivated; compensation for damage done by game; the tenure of land (including the questions of security of tenure and compensation for improvements) and the question of rural rating. It also touches lightly on transit, credit, co-operation and education.

As to the method of the enquiry, which must also be borne in mind in estimating the value its conclusions, the Committee studied, in the first place, the many official documents which are available, such as statistics and reports of Parliamentary Commissions. The information so obtained was supplemented by a special investigation. The country was divided into twelve districts for each of which a Head Investigator was appointed, with instructions to prepare a general report himself and to obtain answers from representative persons to two carefully-prepared lists of questions. To the first of these, which related principally to wages, hours of labour, housing and allotments, 2,750 replies were received. The second dealt with such matters as conditions of tenure, game and the acquisition of land and was filled in by 866 persons.

Let us now see what are the conclusions of the Report in regard to the various subjects with which it deals.

#### *(a) The Labourers' Wages.*

An exhaustive official inquiry into the wages of agricultural labourers was made in 1907, from which it resulted that in that year the average weekly earnings (including, in addition to the weekly cash wages, all special payments for piecework, harvesting, etc., and all allowances in kind) of ordinary agricultural labourers were over 18s. in 16 counties of England, between 17s. and 18s. in 8 counties and under 17s. in 15 counties. The highest average was in Durham, where it reached 21s. 9d. and the lowest in Oxfordshire, where it was only 14s. 11d. These figures, it should be noted, refer only to able-bodied adult labourers in regular employment.

The Committee presents a calculation, based on these figures and the Census Returns of 1901 from which it appears that over 60 per cent. of all the ordinary agricultural labourers in England between the ages of twenty and sixty-five were in receipt of total earnings of less than 18s. per week. It is admitted that the calculation cannot pretend to scientific accuracy, but it is claimed that the deduction is substantially correct.

Men in charge of animals (horsemen, cattlemen, shepherds) receive somewhat higher wages, but these higher rates, it is stated, represent payment for additional as well as for more skilled work. In Wales and

Monmouthshire it was found impossible to give separate averages for each class of agricultural labourer, the farms being generally too small to admit of distinctive duties being assigned to particular men. The average total earnings for all labourers in Wales and Monmouthshire varied from 16s. 6d. in Cardiganshire to 19s. 3d. in Glamorganshire. Making a similar calculation, the Committee arrived at the conclusion that in Wales and Monmouthshire 36 per cent. of all labourers are earning less than 18s. a week.

To bring the figures more up to date, the Committee avails itself of statements published by the Board of Trade, which show that there was a slight continuous rise in the *cash* wages of agricultural labourers between 1900 and 1912. As compared with 1907, the general average of *cash* wages was 2.8 per cent. higher in 1912. Amongst the questions asked by the Committee in its Enquiry Schedule (which was sent out in 1912) was whether wages had risen or fallen in the five previous years, and out of 2,292 parishes from which answers were received, it was stated that there had been no change in 1,301 parishes, a rise in 954 and a fall in 38. It appeared that the largest rise had taken place in the counties where the labourers were already the most highly paid and that in most cases it had taken place in 1912.

An attempt is made in the Report to estimate the fluctuation in the purchasing power of the labourers' wages. No records of the fluctuations of retail prices for country districts are available, but taking the official figures for London and substituting the quantities of different commodities consumed by typical rural households, the Committee arrives at index-numbers showing the variations of retail prices of food commonly consumed by rural labourers. Taking the year 1900 as 100, the index-number for 1907 is 106.4 and for 1912 it is 116.3. It is stated that there was little or no increase in the cost of house rent or clothing between 1907 and 1912 and that the increase in the cost of living is not, therefore, so great as would appear at first sight from these figures. Moreover labourers usually obtain some of the food they consume from their own gardens or allotments or by way of perquisites from farmers. Assuming, however, that a labourer with a wife and three children spends only 10s. a week on food, the Committee finds that what he could have bought for 10s. in 1907 would have cost him 10s. 11d. in 1913. The Committee draws the deduction that, when the increased cost of living has been taken into account, the *real* earnings of nearly 60 per cent. of the ordinary agricultural labourers have actually decreased since 1907.

The Committee made a special inquiry regarding hours of labour, from which it resulted that, in more than two-thirds of the villages from which answers were received, the usual hours of work, in summer, are 10 hours or more, exclusive of meal times, and that the men have to work extra hours during harvest. It is very rarely that agricultural labourers are given a half-holiday on Saturday, and it is said that the absence of this is felt very keenly by them, especially in view of the fact that it is now almost universal in the towns.



The Report discusses at some length the question whether the wages paid to agricultural labourers are sufficient to keep them and their families in health, but refrains from making a calculation of the total sum necessary to maintain a family of average size in a state of physical efficiency.

It expresses, however, the belief that if such calculations were made it would be found that, except in a few counties, the average weekly wages of ordinary agricultural labourers would fall below the standard. Illustrations are given of the severe struggle through which an agricultural labourer and his wife must pass in order to bring up a family.

Turning to the results of low wages, the Report states that, after the lowered vitality due to insufficient feeding, the disastrous effects of low wages upon the rural housing problem are next in importance from the national point of view. The labourer's wages, it is stated, are not sufficient to enable him to pay a commercial rent for his cottage, and the custom has grown up of letting cottages at rents at which it does not pay to build new ones. To this question a special chapter is devoted later in the Report, the conclusions in which we shall notice presently. A further effect is emigration or migration to the towns, of which low wages are the principal, but not the exclusive cause. The influx of the rural dwellers into the towns is stated to increase the severity of the competition for work in towns and to lead to the displacement of town-born workers.

Declaring that there is urgent need for a higher standard of wages, the Report points out that there are three ways in which wages might possibly rise, apart from any legislative action. These are :

(a) The growth of small holdings.

(b) The growth of agricultural prosperity combined with a shortage of labour.

(c) The growth of trade-unionism.

The conclusion is, however, drawn from a discussion of these possibilities that there is no reason to believe that wages can be effectively raised by any of these means, and it is urged that the best hope of the labourer is that the State should come to his assistance by enforcing a higher wage. It is recommended that Wage Boards should be set up, with the duty of fixing the wages of agricultural labourers at least at such a sum as will enable the labourer to keep himself and an average family in a state of physical efficiency and to pay a commercial rent for his cottage.

In support of their recommendation the Committee maintain that increased wages will result in more efficient labour, but they suggest reforms which, in their opinion, will enable the farmer to pay a higher wage and they further recommend that where, in spite of the advantages derived from these reforms, the farmer is still faced with a burden unduly severe, he should be compensated by a corresponding reduction in his rent. The following figures, which are not to be taken as strictly accurate, show roughly the relation between rent and wages in England and Wales.

	£
Total net rent of agricultural land . . . . .	24,500,000
Total earnings of 405,588 labourers between 20 and 65 . . . . .	19,000,000

Extra amount needed to raise the earnings of labourers between 20 and 65 to :

	£
(1) 18s. . . . .	591,000
(2) 20s. . . . .	2,041,000
(3) 22s. 6d. . . . .	4,663,000

#### (b) *Rural Housing.*

Reverting to the question of Rural Housing the Report outlines the attempts made by the Legislature during the past sixty years to deal with this problem. They have, however, had but little effect in improving housing in the country districts, and the Committee estimates that, if all the cottages now unfit for human habitation were closed, there would be a shortage of no less than 120,000 cottages.

Under the Housing and Town Planning Act of 1909, much has been done by local sanitary authorities to improve the condition of existing cottages, but under the same Act a large number of cottages (more than 5,000 up to the end of 1912) have been closed and this action, though admittedly necessary, has made the housing problem even more acute. On the other hand, owing to the lack of alternative accommodation, the authorities refrain from closing many houses which are really unfit for habitation.

Private enterprise has completely failed to supply the need for new cottages, for reasons already noted, and though a certain number of cottages have been erected by the rural district councils under the Act of 1909, the number erected is small compared to the number closed. The Committee recommend that the Local Government Board should be given increased powers of insisting upon the erection of cottages by local authorities and should also have the power of themselves acting in default.

Apart from the insufficiency of the housing accommodation and the unsanitary condition of many existing cottages, there is another important aspect of the rural housing question. The agricultural labourer (more particularly in the South of England) very often lives in a cottage which he rents from his employer. To this system, known as the "tied cottage system," is largely attributed the labourer's lack of independence. The labourer who lives in a tied cottage knows that his employer can not only dismiss him from his work but can evict him from his home.

The great difficulty of obtaining another cottage naturally makes the labourer doubly afraid to take any action by which he may risk losing his employment. Moreover he is afraid of asking necessary repairs for his cottage lest it should result in his dismissal.

The tied cottage is often let at a reduced rent, so that the labourer is really receiving part of his earnings in kind. Should he elect to go into a cottage belonging to another person than his employer, he would lose a portion of his earnings. Nevertheless, it is stated that, in order to be more independent, labourers often prefer to pay a higher rent for a free cottage. It is alleged that farmers sometimes use the power which the tied cottage system gives them to insist upon the labourer's wife and children working for him instead of for others. Yet another evil of the system is that old men who are past work are turned out of their homes and are often unable to find another in their native village.

Even where the labourer lives in a cottage let direct by the landowner, the shortage of cottages is said to prejudice seriously his liberty. The Committee, therefore, recommend that labourers' cottages should be held subject to a minimum notice of six months and that it should be made illegal to let cottages to a farmer for him to sub-let to his labourers.

(e) *The Labourer's Access to the Land.*

With a view to giving to the labourer a better prospect of rising to a higher position in life, the Committee urge that greater facilities should be given for the acquisition of cottage gardens, allotments, and small holdings. Evidence is produced of the desire for land on the part of the labourers and various recommendations are made for supplying it more rapidly than is being done under the existing Small Holdings and Allotments Acts. It is suggested, amongst other recommendations, that in new housing schemes where public money is lent, it should be insisted that not more than four cottages should be erected to the acre; that parish councils should have the right to obtain compulsory orders for the purchase of land at prices to be fixed by a special tribunal, and that county councils should have similar powers in regard to land for small holdings; that the provision of small holdings by county councils should be stimulated by giving to the central authorities the power to withhold grants-in-aid in cases where the Acts are not energetically administered, and that the Board of Agriculture should have extended power of acting in default.

(d) *Under-cultivation.*

The extension of the number of small holdings is advocated on other grounds besides that of offering greater independence and a chance of rising to the labourer. One of these reasons is that large farms are often under-cultivated and a chapter of the Report is devoted to evidence of under-cultivation and to the reasons why it occurs. Amongst the hindrances to the proper development of agriculture which are noted are the following:

(1) That farmers are prevented by insecurity of tenure from improving their land;

(2) That labour is insufficient, the best labourers having migrated to the towns;

(3) That great tracts of country are devoted to sport and the preservation of game and that serious damage is done to crops by the game ;

(4) That landowners do not see a sufficient prospect of getting a return on the capital which would be expended in the reclamation of waste lands ;

(5) That many farmers have an insufficient knowledge of the best scientific methods ;

(6) That, in many cases, men without sufficient capital are endeavouring to cultivate large areas ;

(7) That much land has been laid down to permanent pasture which could be more profitably cultivated ;

(8) That, under the present system of local taxation, all improvements are rated and improvement is thereby discouraged.

It is pointed out that in 1908 the net agricultural output of England and Wales was estimated at £ 127,650,000 per annum and that even a small percentage of increase would mean an important addition to the national wealth.

The Committee collected evidence regarding the damage done by game and came to the conclusion that it was considerable. Under the Agricultural Holdings Acts, 1908, and the Ground Game Act 1880, farmers can claim compensation for such damage, but the Committee were of opinion that the compensation so paid was inadequate, mainly because the farmers, not having security of tenure, were afraid to press for all the compensation to which they were entitled. Some suggestions are made for amending the laws relating to compensation, but the committee is emphatic in saying that these reforms will be of comparatively little value if provision is not made for granting complete security of tenure to tenant farmers, subject to good farming.

#### (e) *Security of Tenure,*

From another and more important point of view the Committee also insisted upon the necessity of security of tenure. Without it, they declare, complete justice and freedom cannot be enjoyed by the farmer nor can the land produce its full yield. Under the Agricultural Holdings Act of 1908, an outgoing tenant can obtain compensation from the landlord for certain specified improvements, but in many cases the previous consent of the landlord must have been given if compensation is to be claimed, and it is said that such consent is difficult to obtain. The Act also gives compensation for "unreasonable disturbance," but this only covers the loss or expenses in connection with the sale or removal of his household goods, implements, produce or farm stock. There is, moreover, no provision to prevent a landlord from demanding an increased rent upon the tenant's improvements, though if, as a result of such demand, the tenant is obliged to leave his holding, he is entitled to compensation for disturbance.

The Committee propounds three methods by which complete security of tenure could be obtained :

(1) State-aided purchase by the tenant farmer.

(2) Tenancy under the State or some other public body.

(3) Complete fixity of tenure subject to the control of some impartial tribunal such as a Land Court.

These methods are discussed in detail, but the Committee dismiss state-aided purchase as impracticable. Since, as we shall see presently and as the Committee itself states, there is a considerable body of opinion in favour of state-aided purchase, it may be well to give, with some fulness, the reasons why the Committee rejects it as a possible solution.

Under a scheme of which the author is Mr. Jesse Collings, M. P., and which has been presented to Parliament in the form of a Bill known as the Land Purchase Bill it is proposed that the State should advance money at  $3\frac{1}{2}$  per cent., to include interest and sinking fund. In the opinion of the Committee this would be financially unsound, since the State is unable to borrow at so low a rate as 3 per cent. The so-called Haversham Committee (a Departmental Committee appointed to inquire into the position of tenant farmers in the case of the sale of the estates on which they hold land) considered various schemes and eventually decided to recommend as financially possible a scheme whereby four-fifths of the purchase money should be lent,  $3\frac{1}{4}$  per cent. being charged as interest and a further  $\frac{3}{4}$  per cent. to cover sinking fund, expenses and contingencies. From the date of the Haversham Committee's Report, Government securities further depreciated, and the Land Enquiry Committee held that the lowest rate at which Land Stock could be issued was  $3\frac{1}{2}$  per cent. Further, they point out that the  $\frac{3}{4}$  per cent. to cover sinking fund and expenses of management would only enable a farmer to purchase in 75 years. The scheme of the Haversham Committee, they say, involving the payment of 4 per cent on four-fifths of the purchase price, met with scant favour amongst tenant farmers desirous of purchasing and they argue that at  $4\frac{1}{4}$  per cent. there would be still less inclination to purchase.

Referring to land purchase in Ireland, the Committee argue that it cannot be regarded as a precedent for land purchase in England.

In Ireland land purchase was based upon considerations of national policy and it is being carried out at enormous expense to the taxpayer. Apart from the cost of administration, the total cost to the tax-payer up to March 31st., 1912, in bonuses to landlords and in the loss upon the issue of land-stock below par amounted to £ 13,410,066, while a further cost of £ 10,000,000 would probably be incurred in the same way on the purchase agreements which had been lodged but not fully dealt with.

Evidence is given to show that what the farmer desires is not ownership but security of tenure, and calculations are presented to show that, under a system of State-aided purchase which was financially sound, the farmer would generally be paying an annuity charge higher than the rent he would pay as tenant. The objection is also raised that the purchasing farmer would be sinking a portion of his capital, and would have less capital for working the land.

The Committee express the view that the extension of public ownership of land would materially advance the solution of the problem under consider-

ation, but argue that it would be impossible for the State or local authorities to purchase sufficient land within any reasonable period to give security of tenure to more than a small proportion of the agricultural tenants of England and Wales. They further believe that the establishment of some judicial body to fix fair rents and fair prices of land would be an indispensable preliminary to any great extension of the policy of public ownership. They, therefore, advocate the establishment for England and Wales of a Land Court, which, in addition to giving security of tenure and fixing fair rents, should also have power to decide the question of compensation at the close of a tenancy.

It is recommended that no landowner should be allowed to turn a farmer out of his holding except with the consent of the Court, and that the farmer's security of tenure should not be affected by the sale of the estate. The present legal power of the landowner to raise the rent upon a tenant's own improvements should also, it is urged, be kept in check by the action of the proposed Court in fixing rents.

An important function would be assigned to the Land Court in connection with the proposals to fix a minimum wage for agricultural labourers. It is urged that the landowner should in justice bear a fair share in the additional burden of higher wages and that the payment of that share cannot be ensured nor its amount satisfactorily determined except by a Land Court which, in fixing fair rents, would take into consideration the increased wages bill.

#### (f) *Local Taxation.*

In regard to the question of local taxation the Committee declare that the building of cottages, the establishment of small holdings, the better equipment of farms and all higher or intensive cultivation are penalised by the present system, whereby any improvement in the letting value of a property results in an increase of the valuation upon which the local rates are assessed. For the Committee's recommendations on this question we must look to the Second Volume of their Report ("The Land. Vol. 2. Urban.") in which the rating problem is dealt with in relation both to urban and rural land. In this it is proposed that the grants-in-aid from the Imperial Exchequer for local services should be largely increased; that a portion of the local taxation should be assessed on the site value of the land instead of on the total value of the property, and, further, that the site value of agricultural land should be calculated, for purposes of assessment, at such a fraction of its actual value as would keep the total contribution from agricultural land proportionately the same in relation to the other hereditaments as it was before the change.

### § 2. THE GOVERNMENT'S PROPOSALS.

Let us now see to what extent the Liberal Government have adopted the recommendations of the Land Enquiry Committee, and what are the proposals which they have put forward. These have not yet been embodied

in a Bill, but are to be found in speeches delivered by the Chancellor of the Exchequer (Mr. Lloyd George) and the Prime Minister (Mr. Asquith).

In regard to agricultural labourers, it is proposed that a minimum wage should be secured to them by an extension of the Trade Boards Act. It is further proposed to create a Ministry of Lands, some of the powers of which would be exercised through Commissioners of a judicial character. Amongst the powers so exercised would be those of revising the hours of labour and granting to tenant-farmers an abatement of rent to enable them to pay a living wage to their labourers.

The Commissioners would also have power to revise all notices to quit and, where the reason assigned was inadequate, to treat them as null and of no effect, or to award full compensation to the evicted farmer.

They would have similar powers to award compensation for improvements and for disturbance in cases where a farmer was given notice to quit because the estate was about to be sold. Further they would have general powers of fixing fair rents and of fixing the price of land when compulsorily acquired for any public purpose.

To the Ministry of Lands would be assigned all the functions at present exercised by the Board of Agriculture; the machinery of valuation set up under the Budget of 1909, and the administration of the law affecting settled estates at present administered by the Court of Chancery. New duties would also be assigned to it in connection with registration of title and land transfer, with a view to the simplification of the present systems. It would also be given powers to acquire derelict and uncultivated land and to afforest, reclaim or prepare it for cultivation.

It is further proposed that the provision of cottages should be undertaken on a large scale by the Central Government, the Reserve Fund created under the National Insurance Act being utilised for this purpose. For cottages so created a commercial rent would be charged.

Facilities would also be offered for the erection of cottages in the country for town-workers, in order to relieve the over-crowding in the towns, and, to make this possible, means of transit would be improved.

Local rates would be reduced by increasing the contribution of the Imperial Exchequer to the cost of certain services.

Much still remains vague in the proposals, which will doubtless be made clear when a Bill is drafted. It is not yet fully clear, for example, what functions of the Ministry of Lands would be exercised through Judicial Commissioners and what through executive officers.

### § 3. CRITICISMS OF THE LAND ENQUIRY COMMITTEE'S REPORT.

The Report of the Land Enquiry Committee has, naturally, been subjected to considerable criticism from various quarters. The criticism which, perhaps, carries most weight is contained in a pamphlet entitled "The Land Problem: Notes suggested by the Report of the Land Enquiry Committee." These notes are published under the auspices of the so-called

Land Conference, a body consisting of delegates from the Surveyors' Institution, the Auctioneers' and Estate Agents' Institute, the Central Chamber of Agriculture, the Farmers' Club, the National Farmers' Union, the Central Land Association, the Land Agents' Society, the Rating Surveyors' Association, the Central Association of Agricultural and Tenant Right Valuers and the 1894 Club. The Land Conference recommends the pamphlet as a valuable contribution to the Land controversy, but does not hold itself responsible for the whole of the views and statements it contains.

In regard to the earnings of agricultural labourers, the pamphlet states that the broad fact is beyond controversy; that the rate of cash wages paid in some agricultural districts is very low and that every one is prepared to support any really sound measures which can be reasonably expected to effect a rise. It challenges the figures given in the Report, however, as obsolete and unreliable. It complains that the Report makes no attempt to explain variations in rates of wages. In arable districts the sum paid in wages per acre is high and the amount paid per individual relatively low. In districts where grass predominates, the wages per acre are low and per individual relatively high. Any increase in the area under the plough will, it is contended, at once increase the demand for labour, and, as the supply is short, a considerable rise in wages in the lowest-paid districts will be the immediate result. The Report had also omitted to allude to the dispossession of hand-labour by machinery. Apart from these omissions the Report had admitted that up to 1912 wages had been slowly rising and the pamphlet states that men of experience in rural affairs are well aware that they have risen in 1913.

The pamphlet also challenges the calculations whereby the Report endeavoured to show the relation between the rise in wages and the increase in the cost of living. It points out that whereas the Report states that the rise in wages has been greatest in the better-paid districts, it omits to notice the explicit statement in the "Board of Trade Enquiry into the Cost of Living in the Working Classes in 1912" (upon which it mainly relies for evidence of the rise in prices) that the greatest mean increase in the prices of necessaries has been in Lancashire and Cheshire, that the smallest increase has been in the Southern Counties and the next smallest increase in the Eastern and East-Midland group of counties; in other words, that the smallest increase in the cost of living has been in those districts where agricultural wages are still the lowest.

It is pointed out, moreover, that while the calculations of the Land Enquiry Committee are based on the supposition that the increase in retail prices in rural districts does not differ materially from the increase in London, the figures supplied by the Board of Trade show that there were considerable differences even between the mean increase in London and the mean increase in other urban centres. Thus, whereas the index-number for 1912 (taking 1905 as 100) was 151.7 in London, it was 137 in the East-Midland urban centres and only 112.4 in the urban districts of the Southern counties.



On the necessity for increasing the supply of cottages, the pamphlet states, most people are substantially agreed, but it considers the calculation that 120,000 cottages are required in rural district as an over-estimate. Assuming that one-sixth of the new cottages are required to replace cottages which are at present occupied though really unfit for habitation, and allowing the normal family to be five in number, the pamphlet points out that the additional supply would be sufficient for 500,000 persons and adds that it is difficult to suppose that any change in agricultural methods or tenures will thus increase the agricultural population. In reference to the subject of tied cottages, the pamphlet points out that the Enquiry Committee omitted to notice that the existence of tied cottages facilitates labourers in obtaining fresh employment, since, if a man goes to a new job he goes from one tied cottage to another.

The policy of fixing a minimum wage is criticised on the ground that farmers, wherever it was possible to do so, would cease to employ their men continuously and would only employ them as and when their services were required. They would, moreover, ruthlessly weed out the less vigorous workers, giving them only casual employment or piece-work. Or, again, the farmer would still further reduce the arable area. "Under a system of artificially high wages," says the pamphlet, "agriculture will tend to revert to the two crops and fallow of a century ago."

While admitting that more produce might be obtained from the soil, the pamphlet expresses a different view as to the causes of the present under-cultivation. It contends that the existing condition of agriculture is due partly to its slow recovery from the tremendous loss of capital which landlords and tenants suffered in the crises of 1876-84 and 1891-99; partly to the continual pressure of foreign competition and the prevalence of low prices; partly to the increasing burdens laid upon land both by Imperial and by local taxation.

The pamphlet urges that the difference between good and bad cultivation depends more largely on differences in the character of the cultivators than on a greater or less degree of security of tenure. The following illustration is given of the way in which the character of a farmer affects the yield of produce: "A man with little capital, or little enterprise, cannot afford, or is indisposed, to take risks. He aims at a yield of 3 ½ quarters to the acre, instead of 5 quarters and regulates his expense accordingly. He is not likely to get a smaller yield, and may get more. The high farmer with capital and enterprise aims at 5 quarters, and in a bad season gets 3 ½. Probably, on the average, the enterprising man does not make more than his less ambitious neighbour. But the produce per acre is, of course, greater."

The insecurity of the tenant farmer has, according to the pamphlet, been greatly exaggerated in the Report. With some slight amendments the ordinary security of the tenant would be practically complete. The need for special treatment in cases in which a farm is offered for sale is, however, admitted. It is also contended that the damage done by game is exagger-

ated, and that the increase of game, if there is an increase, is the effect and not the cause of under-cultivation.

Against the proposal for the establishment of Land Courts, the pamphlet urges that in the new relations which will exist between landlord and tenant, the farmer could no longer look to the landlord for financial assistance. It asserts, moreover, as a matter of common knowledge that about half the land of England is rented at from 20 to 25 per cent. below its economic value and that, therefore, many tenant-farmers would have to face the risk of a rise in rent. It is added that the proposed additional power of compulsory expropriation, where land was required for public purposes such as the creation of small holdings, would make the fixity of tenure a delusion in the case of large farmers.

#### § 4. A UNIONIST LAND POLICY.

Whereas the Government has officially put forward proposals for land reform, it does not appear that the Unionist Party has as yet included any clearly defined policy in the party programme

Speeches have been made by party leaders, but they are of a somewhat tentative character, and have not yet committed the party to a definite line of action. The tendency, however, is clearly in favour of giving facilities to tenant-farmers to purchase their holdings.

As illustrating the Unionist point of view, we may mention an important memorandum entitled "A Unionist Agricultural Policy," written by "A Group of Unionists" and published in September 1913. It was prepared, we are told, by a number of Unionists, members of Parliament and others, and is "an attempt to formulate a definite and comprehensive policy for the development of British agriculture."

The principal points of view from which the memorandum is written are (1) the maintenance of the national physique; (2) the development of agriculture as one of the best methods of social reform, and (3) the desirability of maintaining the wheat supply in time of war.

Like the Land Enquiry Committee, the authors of the memorandum make the condition of the labourer their starting point and their conclusions on the subject are scarcely less strongly expressed. "In many counties," they say, "the great majority of the labourers are ill-educated and ill-fed, and consequently inefficient, both mentally and physically. In other counties, where the average wage paid is comparatively high, some employers pay wages considerably below the average."

The memorandum declares that it has become necessary to establish some means of raising wages to a subsistence level, and recommends the establishment of Agricultural Wages Boards. It does not propose that a minimum rate should be fixed for the whole country, but that rates should be fixed for different districts by local boards.

It is also urged that the extension of piece-work should be encouraged. The proposals, it is said, in no way conflict with the historic Tory doctrine that freedom of contract should not be interfered with unless the policy of allowing such freedom has failed to produce desirable results from the point of view of the State. "In the case of agricultural wages," continues the memorandum, "the policy of *laissez faire* has produced results inimical to the race and, therefore, the State, for its own preservation, is bound to step in."

The memorandum urges the necessity of reconstructing village life and of increasing the interests and opportunities of those living in the villages. It proposes that every cottage should have at least one quarter of an acre of garden, that there should be a sufficient supply of land for allotments, and that a sufficient amount of land should be set aside as a common cow pasture. The present method of providing allotments is held to be too slow and it is suggested that they should be directly provided by the Board of Agriculture, who should appoint a representative in each district, assisted by a local committee.

The urgency of the housing question is noted, and it is stated that experience has shown that local authorities are unwilling to build cottages unless they are assisted by the State in what they consider a national work. It is suggested, therefore, that annual grants should be made to local authorities on such a scale as would enable 125,000 cottages to be built in rural districts.

Considerable stress is laid upon the necessity of providing suitable education. Reforms are suggested in the methods of training teachers, so as to produce teachers of the right type for rural schools. It is urged that the education should be more practical; that greater inducements should be offered to teachers to remain in country schools; that facilities should be afforded for suitable children to pass from the elementary school to the secondary or to the higher elementary school; that, to children who have left school, instruction should be given in centralised day classes, which they could attend either two afternoons or two mornings in the week; that instruction for the adult agriculturist should be developed in every direction, special attention being given to the small farmer and labourer; that demonstration farms should be established in every district, and that much larger grants should be given by the State in aid of agricultural education.

The working of the Small Holdings Act of 1908 is discussed and doubt is expressed whether a Committee of a County Council is the right body to deal with the development of small holdings. "The County Councils," says the memorandum, "are buying land in scattered and isolated pieces at great expense and with too little advantage, and they are settling men on the land in the way least calculated to secure their success, instead of buying large areas of land in suitable places and settling the men in colonies." It is maintained that the colony system is the one and only system whereby small holdings, out of which the holder is to make his entire living, can be satisfactorily developed.

Co-operation (including co-operative credit) is advocated and the memorandum touches (somewhat lightly) upon the question of land purchase. It urges that the facilities for the acquisition of land should not be confined to small holders and suggests that the State should be empowered to advance the whole purchase money to tenants wishing to buy their land, such advances being repayable by annual instalments of principal and interest.

With a view to lessening the pressure of local taxation upon land, it is recommended that the cost of public services, such as main roads, asylums and police, and a larger proportion of the cost of education, should be defrayed out of the Imperial taxes.

Further recommendations are that the Board of Agriculture should be greatly strengthened, its income being largely increased; that facilities for the transport of agricultural produce should be improved; that the markets should be more efficiently organised and that the industries subsidiary to agriculture should be encouraged.

#### § 5 OTHER LAND POLICIES.

An investigation into the rural problem has also been undertaken by the Parliamentary Labour Party, which in the autumn of 1912 appointed a committee of its members to draft a rural programme. The committee not only conducted inquiries in England but also visited Ireland and Denmark. The main object of their visit to Ireland was to investigate the methods of rural housing under the Labourers Acts 1883 to 1911. In Denmark they noted the important part played by co-operation in the rural economy of the country. The recommendations of the Committee are embodied in a Preliminary Report, issued in June 1913 and in a final Report, subsequently published.

The cardinal point of the policy recommended is the public ownership of land. "We strongly hold," says the Report, "that only public ownership and control will secure for the community the best possible use of land and the social values attaching to it." It, therefore, recommends that both central and local authorities should be invested with the widest possible powers of bringing land into public ownership by purchase on the basis of the National Land Valuation, the purchase price to be paid either in redeemable land bonds or in terminable annuities.

In addition to this proposal, the Committee recommend a minimum wage for agricultural labourers; fair rent courts; the provision of cottages with the aid of State grants until such time as the wages of labourers reach a standard at which the payment of an economic rent becomes possible; the amendment and extension of the Small Holdings Act; the establishment of credit banks under State authority, and the encouragement of agricultural co-operation.

Yet another investigation has been made by the Fabian Society, the results of which are embodied in "The Rural Problem" by Mr. Henry D. Harben, the Chairman of the Committee appointed by the Society.

The Society recommends a minimum wage of 23 shillings per week for agricultural labourers. As it is held that, although better-paid labour produces better work, the improvement in the value of the work would probably not keep pace with the increased wage, it is proposed that a tenant farmer should be given the option of terminating his contract with his landlord within six months of the enforcement of the minimum wage. If the tenant is already rented nearly as heavily as he can bear, it is argued, the bulk of the burden of the increased cost of labour would be transferred to the landlord, the rent being correspondingly reduced. On the other hand the competition of others anxious for access to the land would prevent the rent from being reduced by more than the amount of the increased cost of labour. The society would prefer to leave the adjustment of the burden to amicable settlement between tenant and landlord rather than submit it to the cumbersome process of decision by a Land Court.

To solve the housing problem, the Society proposes that a State survey of cottage accommodation should be undertaken; that the local authorities should be allowed two years in which to make good the deficiency and that if they failed to do so they should not receive grants-in-aid from the Exchequer for any service whatever until the necessary cottages were built.

It is further proposed that loans should be granted to local authorities for cottage building at the lowest possible rate of interest, and that they should receive annual grants equal to the sinking fund and the half of any loss inevitably or properly incurred in letting the cottages.

The Fabian Society recommend that Land Commissioners should be appointed with power to acquire land compulsorily at valuation. As a further step in the direction of land nationalisation, the Society advocates that in lieu of part of the Death Duties upon land, the State should accept an irredeemable mortgage, which should constitute a permanent charge upon the estate. It is argued that, as the interest of the State in the land increased, land would become, from the point of view of sentiment, a less desirable object and its selling value would be reduced to its true economic value. When the sentimental value had disappeared and the State possessed a large interest in the land, it might then buy out the interest of the landlord and become itself the owner.

Other recommendations are that the railways should be nationalised and state motor services established in rural districts; that agricultural education should be improved by the establishment of experimental farms and free farm schools and the appointment of travelling agricultural instructors; that a large scheme of afforestation should be undertaken by the State; and that grants in aid of local services should be made conditional on a national minimum standard of efficiency.

## CONCLUSION.

It will be seen that, whereas there is, in many respects, great divergency between the policies proposed, in some important matters there is almost complete unanimity of opinion. This is notably the case in regard to the condition of the agricultural labourer, which all parties are anxious to improve. This unanimity was further evidenced by a discussion which took place in the House of Lords on April 21st., when the Opposition asked for the appointment of an official inquiry into the question, a request which the Government refused to comply with on the ground that the figures presented by the Land Enquiry Committee were sufficiently reliable. The proposal of the Government to fix a minimum wage finds considerable support amongst Unionists, but sharp conflicts of opinion are likely to arise over the suggested establishment of Land Courts. It is not unlikely, too, that the policy of giving facilities to the tenant farmer to purchase his farm will be strongly urged in opposition to the Government's policy of giving him complete security of tenure without ownership. It seems clear, however, that all parties are bent upon dealing in a more or less drastic fashion with the Land Question and that whatever may be the turn of political events, we may look for important changes in the English land system within the next few years.

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## MEXICO.

### THE LAND QUESTION IN MEXICO AND THE PROPOSALS OF THE NATIONAL AGRICULTURAL COMMISSION.

(Conclusion).

#### §. 3. THE LAND QUESTION AND THE CONCLUSIONS OF THE NATIONAL AGRICULTURAL COMMISSION (1).

1. *The elements of the land question in Mexico.*— If we take into account the natural conditions of the Mexican Republic which, as we have seen, are exceptionally favourable to agriculture, we need only remember that nearly every year the country is obliged to import corn and often maize, though maize is the article of food most largely consumed in the State, to see that the disproportion between production and the capacity of production is a question on the solution of which depends the economic future of the country.

The elements of this problem are numerous and complex, but they may be reduced to three ; agricultural technique, labour, and the distribution of landed property.

Let us examine each in turn.

2. *The conditions of the soil and agricultural technique.*— There has been much said on the subject of the proverbial fertility of the Mexican soil. But of late it has been asserted that the soil is exhausted and cannot therefore produce as much as it ought. But all the most competent Mexican authorities on this subject unite in affirming that the insufficiency of production is due not to the exhaustion of the soil, but to the rudimentary systems of cultivation.

“ As a rule, our soil is all virgin, ” says Loria, a distinguished Mexican writer. In fact due importance is not given to tillage. The primitive wooden plough makes a very shallow furrow, and thus a thin bed of earth incapable of containing sufficient fertilising matter is all that the plant has to live upon. The result is that the fertilising elements of the land are not utilised, owing to the want of deep ploughing. Besides it may be affirmed that the manuring of the land is not effected according to the dictates of modern science.

(1) See the first part of this article in the number of this Bulletin for May, 1914.

To the inefficiency of the systems of cultivation must be added the want of irrigation works, indispensable to the country.

With the exception of certain hydraulic works, such as those of Atoyac in the State of Puebla, there are no others to regulate the effects of the seasons on the crops; thus the harvests depend exclusively on the lesser or greater rainfall. Considering the extent of the country, the permanent water-courses are numerous, and during the rainy season from July to October, many torrents, rivers and streams are formed, and fertilise the adjoining land; but if the rains are excessive the effects are disastrous, for the water overflows the fields, carrying away the future crops.

But to remedy this by the necessary hydraulic works and to increase the area of arable land and the yield from it, capital is essential.

Some steps have been already taken by the authorities to supply the need.

In 1908 the Chambers voted a law authorising Government to devote 25,000,000 pesos to the utilisation of water for agriculture and livestock improvement, whether the Government itself undertook the work or encouraged private enterprise by means of grants etc.

The Government was also authorised to guarantee the capital and interest of bonds issued by special credit institutes granting loans to mining, agricultural or livestock improvement enterprises, but at present it cannot guarantee a capital in bonds of more than 50,000,000 pesos.

In virtue of this law, the Loan Bank for irrigation works and for the encouragement of agriculture was at once founded with a capital of 10,000,000 pesos. This institution grants loans on mortgage for periods up to 15 years and loans on the guarantee of a bank for a maximum period of three years. The rate of interest must not exceed 7 % unless authorized by the Minister of Finance, and must be lowered if the bank obtains funds at less than 5 %.

3. — *Agricultural Labour.* — One of the greatest difficulties with which Mexican farming has to contend is the insufficiency of labour. This is chiefly owing to the limited requirements of the natives; the standard of living for a Mexican labourer is so low that a few centavos are sufficient for his needs. Thus, though his pay is very small, he thinks it absurd to work continually since he can live for two days on one day's pay.

The insufficiency of labourers has given rise to a characteristic system of recruiting called *enganche*. If an employer thinks that he can obtain the men he requires on a given holding he sends a man (*enganchador*) to the neighbourhood to open a list. The terms he offers are fixed wages, a sum of money for travelling expenses for each family, the immediate payment of all debts, and a part of the wages paid on account. In a few days the list is complete for the sum paid on account decides the labourers who do not see that in accepting it they are binding themselves with a stronger chain.

This system of recruiting has one great effect; it secures labourers, not by offering them a prospect of improving their position and obtaining higher wages, but by the attraction of a small sum on account, which they spend at the public houses (*pulquerías*), thus increasing the tendency to



alcoholism. Thus, instead of effort being made to instruct the working man and raise his standard of life, profit is made out of his vices.

The limited requirements of the labourer and the attraction of a little money on account explain why wages remain very low. A day labourer receives from 0.25 to 0.30 pesos a day (60 to 75 centimes). This low rate, by reducing the cost of production, increases the rent of land and facilitates the extensive agriculture of great capitalists.

This is the reason why in Mexico land of which the productive power is less than that of land in Canada, the Argentine Republic and the United States is yet more valuable (1) than where the labourers demand a larger share of the yield.

Besides, as Lauro Viadas observes in an official report, the low rate of wages drives away those labourers whose education and requirements are above the common level; they are compelled to seek higher pay in other countries. Hence arises a curious phenomenon: Mexican emigration, increases every year while attempt is made to encourage foreign immigration so that the riches of the country may be turned to account.

In the opinion of competent Mexican writers, the solution of the labour question is the education of the peasant; his standard of living must be raised and his requirements increased in order to accustom him to regular work to satisfy these. In this way alone will he become a true collaborator with his employers.

4. *Rural Holdings and Colonisation.* — In Mexico the system of large estates prevails, the typical *latifundium* being constituted by means of land conceded by the State with improvident liberality. The conditions of Mexican agriculture, the fertility of the soil, the small cost of labour and the high price of agricultural produce give large profits to the farmer from extensive cultivation or livestock improvement. Besides, many of these *latifundia* lie uncultivated through neglect or want of capital, in the hands of large families who would think it a disgrace to sell them. Thus neither private persons nor capitalists undertaking farming have any inducement to divide land, on the contrary, there is a tendency to round off the estates in the hope of a rise in the value of land.

Till 1909 any one might purchase (*denunciar*) national land of which the boundaries had generally been fixed by foreign companies in exchange for one third of the area. The *denuncia* of such land consisted in an offer of sale by the nation to the applicant, who, having paid the price, incurred no other obligation. By this system any one who was *au courant* as regarded the boundaries fixed could purchase immense tracts at an absurdly low price (from 2 to 10 pesos per hectare). Nearly all the *latifundia* thus formed are uncultivated, for they were bought merely as a speculation, and they will remain so till they are bought at a high price by some

(1) Land capable of irrigation and fit for corn fields is not sold, under 200 pesos per hectare, and not seldom land for the cultivation of cotton and sugar is sold at from 1,400 to 1,500 pesos per hectare.

company, if the land is suited for any kind of crop and can be easily irrigated.

In this way the land has been concentrated in the hands of a few proprietors and a very considerable part is uncultivated. Of the cultivated area there are no statistics but it is calculated that of the 2,000,000 square kilometres in the whole country, about 400,000 are incapable of cultivation leaving 1,600,000 square kilometres of which only one fourth is actually cultivated.

The great disproportion between the number of land holders and of the members of the proletariat has already given rise to conflicts originating in a claim for the division and free distribution of the land among the peasantry.

There is no doubt that the agricultural question in Mexico is largely a land question, and the authorities have more than once attempted to deal with it as such. For example, in 1909, a decree was made to suspend the power of alienating uncultivated land (*baldíos*) belonging to the nation by the system of *denuncias*, so as to prevent further concentration of it in the hands of a few. In 1912 the Department of Fomento issued a circular containing the necessary instructions for fixing boundaries and for the division and distribution of *ejidos* or communal property.

The Government has also tried to found rural colonies on the system of *denuncia* of national land and by means of immigration, but without satisfactory results in either case. As regards immigration, attempts have been made with non-Europeans, more especially with Boers and Japanese, but the results have not been satisfactory.

5. *The Conclusions of the National Agricultural Commission.* — The authorities, seeing that the solution of the land question grew every day more urgent, proposed to study a vast land programme; and to settle in different parts of the country "the largest possible number of producers, in conditions favourable to their independence and prosperity, so that developments in other directions and the exploitation of new sources of production and of wealth may become possible".

The objects of this policy may be divided into two classes :

(1) the increase of production by irrigation works, the influx of capital and the employment of scientific systems of cultivation etc... (2) a better distribution of land, colonisation by division of the *latifundia* and the creation of small holdings.

In order to accomplish these objects the Government has recently appointed a *National Agricultural Commission*, composed of farmers, engineers, lawyers and others whose competence in economic, juridical and social matters is generally recognised.

Before beginning its labours, the Commission drew up a complete programme for the study of the land question in all its aspects. This vast and detailed programme comprises the preservation of forests and the encouragement of sylviculture, the regulation and utilisation of water-courses, the extension and intensification of cultivation by means of the

division of the large estates, labour contracts, immigration, agricultural education, importation of agricultural implements and machinery and manures, encouragement of the cultivation of textile plants, etc. roads, land credit, the encouragement of livestock improvement and rural industries. But, considering that the collection of data and the minute study of all these questions would defer the solution of those which are still more urgent, the Commission decided to concentrate its attention first of all on irrigation, division of farms and colonisation.

In view of the immense quantity of irrigation works required in the whole country, the Commission recommends the Government to undertake without delay those works which are under consideration or already studied, such as those of the *haciendas* of Arnapa and of Costeña in the State of Tepic, and of Peñuelas in that of Jalpa. This should be done without prejudice to the ulterior examination of the general problem.

In its report the Commission declares that the colonisation of the country can only be accomplished by means of the encouragement of the natural course of immigration that is by opening to the foreign agriculturist the possibility of attaining in the Republic a higher degree of prosperity than in his own country, and with less effort: and also facilitating for Mexicans the purchase of land giving a certain return in the proximity of the large markets so that they may hope to accumulate savings and may face the future with confidence. While leaving the door open to foreigners, it is recommended to give the preference to Mexicans, and attempt to bring back those who have emigrated and to employ the Mexican labour remaining in the country. With this object, the Government should endeavour immediately to distribute the communal lands, (*ejidos*) of collective use and others of similar character among poor labourers, on condition that the land shall not be transferable for 20 years.

Holdings capable of irrigation and those which, owing to their situation, their soil or their salubrity, give promise of remuneration to the agriculturist, must be divided.

The Commission then, having studied the subject of the holdings most desirable for the Government to buy with a view to parcelling them out, recommends that those be chosen that can be irrigated and cultivated, and are purchasable at a price not above 25 pesos per hectare. The purchase at a high price of large estates already in course of cultivation would impose heavy pecuniary burdens on the Government and would limit the number of farmers benefited, without much increasing the national wealth. The Government must carry out at its own expense on the holdings it may purchase the works required to ensure good results such as irrigation, reclamation, drainage, breaking up virgin soil, the opening of country roads and cart roads from the interior to the nearest railway stations etc.

Lots of ground will be sold to labourers who have a small capital, or to those who by good conduct and ability may be able to obtain it. This capital must be invested in the purchase of the necessary livestock, agricultural implements and farm requisites. To poor labourers without capital to begin farming the Government may grant holdings on lease

or as métairies with a promise to sell, thus encouraging the foundation of land credit and of co-operative societies.

No lot will be more than 100 hectares in area. No single person may buy more than 200 hectares.

In fixing the price of the lots, it will be necessary to consider, the works already accomplished, such as canals, supply of water, roads etc., in fact everything done to improve the property, the price per unit of area of other land in the neighbourhood and the quantity, quality and total value of the crops the lot can produce.

Every lot will have right to a supply of water in proportion to the area to be irrigated. The Government will undertake the work of irrigation as long as the holder cultivates one half of the tract to be irrigated. Besides this, the colonists will be bound to form a society to supervise the use of the water according to rules to be established by the Government.

The lots will be sold preferably to Mexicans who wish to return to their country, and to poor labourers, citizens of the State.

Payment must be made within 20 years at latest. During the first five years the rate of interest will be 6 % on the purchase price and during each of the following 15 years the same interest must be paid, together with an instalment towards the extinction of the debt.

Those persons who buy one lot or more in a " colony " must engage to reside there. No colonist who does not fulfil this obligation may benefit by the delay allowed for payment, and this term will be held to have expired from the day on which he violates the above condition.

The Government will decide on the amount of ground necessary for the maintenance of a family; this area will be inalienable for 20 years and can not be subjected to any charge and will not be distrainable, except in case of judicial execution in connection with the mortgage passed in guarantee of the purchase money.

Besides considering direct colonisation, the Commission also turned its attention to indirect colonisation; the Government may make contracts with private persons, whether Mexicans or foreigners or with Mexican societies for the division and sale of land to colonists.

In such cases it may give special facilitations, such as free grants of national land, sell at cost price land purchased from private persons, with a view to subdivision, exempt for five years from any tax on the capital invested in the undertaking, and, once only, from customs dues on implements, machinery, articles of food, building materials, livestock for farm work or breeding stock and all farm requisites generally. The Government also shall transport, at its expense, on subsidised railway and shipping lines the native or foreign labourers proceeding to settle on the land.

There will be offered for sale or on lease for farms or for métairies with right of purchase, a number of lots representing at least a third part of the area subdivided, as soon as they are in a condition fit for irrigation, and the limit of time after which the rest of the lots may be offered for sale will be fixed in the contract. The Government may grant to purchasers of lots:

(1) Exemption to Mexicans from military service except in case of foreign war :

(2) Personal exemption, not transferable, once only, from customs dues on utensils, implements, articles of food, machinery, household furniture and livestock for farm work or breeding stock, all for use on the lot.

(3) Personal exemption (not transferable) for 20 years from duty on the export of produce.

(4) Exemption from charges on registration of signatures and on passports granted by consular agents to foreign workmen who come to settle in one of the agricultural " Colonies ".

The Government shall appoint in each colony a sufficient number of employees to instruct small holders in the use of agricultural implements and machinery with other practical instruction. This system of agricultural instruction will provide for the urgent necessities of the moment and will only be a first step to the foundation of educational establishments, and experimental farms in the whole Republic.

The Commission concluded its proposals by suggesting the creation of a permanent commission for irrigation, subdivision and colonisation.



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