

Margaret Digby

Reprinted from "Year-Book of Agricultural Co-operation"
(1930)

The Horace Plunkett Foundation

**AGRICULTURAL CO-OPERATION IN
CZECHOSLOVAKIA**

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By
Margaret Digby

Reprinted from "Year Book of Agricultural Co-operation"
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NOTE

THE present study is the result of a tour in Czechoslovakia undertaken in the summer of 1929. As it was written for publication in the *Year Book of Agricultural Co-operation*, the Consumers Movement has not received the attention which would otherwise have been accorded to it and is only described in its relations to agriculture. It will be noted that the pagination is that of the *Year Book* from which the study is reprinted.

M. D.

CZECHOSLOVAKIA: A CO-OPERATIVE SURVEY

I.—INTRODUCTION: POLITICAL, ECONOMIC, AND LEGAL BACKGROUND

A CO-OPERATIVE movement, like any other natural growth, must be considered in relation to the soil from which it has sprung and the conditions which have attended its development, and a study of agricultural co-operation in Czechoslovakia requires for clarity some account of the political origins and agricultural and economic circumstances of the Republic.

The Czechoslovak State came into being at the close of the war, and its territories, as confirmed by the Peace Treaties, consist of the "historic lands" (formerly subject to the Bohemian Crown) of Bohemia, Moravia, and Silesia, which up to 1918 formed part of Austria, together with Slovakia and Sub-Carpathian Russia, which till then had been subject to Hungary. The population—a relatively dense one—stood at about 13½ millions, and was predominantly Slav—Czech in Bohemia and Moravia, Czech and Polish in Silesia, Slovak and Russian in Slovakia and Sub-Carpathian Russia. Between Czech and Slovak little racial or linguistic difference exists. There is a considerable German minority (about 3 millions) in the "historic lands," living, as far as the agricultural population is concerned, principally in the hilly borderlands, and a smaller Magyar minority in Slovakia.

Czechoslovakia took over the industrial regions of the Austrian Empire, and in Bohemia industry slightly predominates over agriculture, while it is important throughout the "historic lands";

in the eastern Provinces the position is reversed. Of the total working population about 40 per cent. is engaged in agriculture, and several industries—milling, sugar-making, brewing, and distilling—are directly dependent on agricultural produce. Czechoslovakia is a high-lying country, almost surrounded by mountains, with a heavy soil, well watered. Its typical cultures lie in zones roughly defined by altitude—beet, wheat, and barley up to 1,100 feet; cereals up to 1,500; potatoes, rye, and oats up to 2,000; then grazing and potatoes; and, above that, forest. Special areas are devoted to malting barley, hops, fruit, etc. Of the total area 33 per cent. is forest, 18 per cent. pasture, and 42 per cent. arable, more than half of it under grain, and the rest divided between fodder and industrial crops. Animal production is relatively low, owing to the density of the population and the competition of foreign imports, but has increased in the last ten years in response to conditions which it is necessary to discuss in a moment.

The geographical shape of Czechoslovakia is awkward for marketing, and the railway system is apt to find its resources strained at the time of moving the crops. A large proportion of peasant crops pass direct to neighbouring towns or are sold for fodder.

Perhaps the most striking event which has taken place since the formation of the Czechoslovak State has been the Land Reform. It constitutes a change which, important in itself, has affected the co-operative movement by modifying the conditions in which it has developed and been in turn affected by it. The motives from which the reform was undertaken were partly political, partly social, and partly economic. Before the war, land in the Czechoslovak territories was divided among peasant holdings interspersed with vast estates. Some 45 per cent. of the 2 million agricultural proprietors held no more than 1.5 per

cent. of the total land surface in lots not exceeding $\frac{1}{2}$ hectare (about $1\frac{1}{2}$ acres), while 0.02 of the total number of proprietors held nearly 30 per cent. of the land surface in estates of over 1,000 hectares (2,400 acres). Middle peasants were few.

It must be understood that a very considerable portion of the large properties consisted of forest and pasture, and that a good deal of leasing took place, in Silesia usually under the form of *métayage*, and in many cases on leases too short to encourage improvement. But great inequalities existed which were especially marked in the eastern Provinces, though even in the "historic lands" of Bohemia, Moravia, and Silesia not far short of three-quarters of the proprietors held only about one-fifth of the arable land.

The fact that great estates were, for the most part, in the hands of Austrians supplied the important political motive for change. Many of the existing holdings were inadequate to the support of their owners; a definite land hunger existed which stood little chance of satisfaction by ordinary processes of sale, as most of the great estates were entailed. The result was seen in the fragmentation of holdings; in emigration, both seasonal and permanent, especially in the districts of large estates; and in the discontent of landless labourers, who were more inclined to communism than the town workers. These circumstances provided social-economic motives for the change. But economic motives also included a desire to increase the food supply of the towns, and at the same time to raise the standard of life and consequently the purchasing power of the peasant, and thus increase the home market for industrial products, as an offset to the markets in Austria cut off by tariff barriers; and, secondly, a hope of decreasing the adverse trade balance in meat and fats through the increase in animal culture anticipated from an increase in smallholdings.

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As a first step, legislation was passed establishing a Land Office, and placing all private agricultural estates over 150 hectares (360 acres) and all estates whatsoever over 250 hectares (600 acres) in a "state of seizure." About 17 per cent. of all arable and 41 per cent. of all non-arable land, and 1,730 proprietors, were affected by this measure, the actual totals of area being 1,278,549 hectares (3,068,517 acres) of arable and 2,741,620 hectares (6,579,888 acres) of forest, pasture, lakes, etc. Nearly half the communes of Czechoslovakia were affected. The owners were left in possession, but they were forbidden to sell, lease, or mortgage land without permission. In the meantime, some 128,000 long-term leases of small properties were bought out by the State, and the tenants confirmed as absolute proprietors, but without the right of sale under ten years. This affected about 100,000 hectares (240,000 acres) of land. Another 140,000 hectares was transferred on compulsory short-term leases as a provisional satisfaction to some 250,000 landless families, the intention being to confirm them in absolute possession, as soon as time had been given for the orderly transference of land. No forced lease was exacted from a landlord owning less than 15 hectares, and the plots leased never exceeded 8 hectares.

The actual redistribution of land was begun in 1921, and by 1928, 88 per cent. of the agricultural land and 42 per cent. of the forests had been permanently allocated. It has been divided into three groups: (1) Land retained by the State—a proportion of forest, places of historic interest, water power, land required for Government purposes. (2) Land returned to the original proprietors—about 26 per cent. of the agricultural land and 23 per cent. of forest. This proportion will probably be increased by the time the distribution is completed. Each proprietor is allowed up to 150 hectares of arable and 250 hectares total land, this being in some instances increased to 500 hectares, principally

in cases of extensive forest or places of natural beauty or historic interest. All live and dead stock, and the majority of agricultural industries—sugar factories, breweries, malthouses, distilleries, starch factories, mills, dairies, sawmills, brickfields—have been left in the hands of the original owners except where, as in the case of distilleries, the industry was directly dependent upon the land to be divided. In these cases businesses are offered for sale, co-operative societies having the first refusal. (3) Land distributed among small and middle peasants, labourers, former employees; or co-operative societies, communes, professional associations. This includes 60 per cent. (786,322 hectares) of the arable and 18 per cent. (516,048 hectares) of the forest, the latter being retained in large estates, frequently in the possession of communes.

Of the arable land thus taken over, 80 per cent. was distributed in small lots averaging 1·4 hectares (about $3\frac{1}{2}$ acres). The recipients were 53 per cent. peasants, who increased existing holdings, most of them under 5 hectares, to economic dimensions; 23 per cent. landless men; and 24 per cent. rural craftsmen, railway employees, etc., who undertook a holding as a subsidiary occupation. Almost in every case the land has become the absolute property of the recipient, though it may not be leased or sold without permission for a period of years, and the State retains the right of dispossession in cases of neglect or bad husbandry. Some 8 per cent. of the total arable land of the country has been transferred in this way, the greater part of it in Bohemia and Slovakia, and 24 per cent. of the agricultural population has been affected. In districts where there are no great estates Crown land has in some cases been made available to the landless, and comparatively small properties have been cut up, the owners being compensated with land elsewhere. Half a million families have received land. Nevertheless, many applicants were disappointed, nearly half of

those applying being unable to obtain land. The occasion has been seized to carry out a certain amount of consolidation of fragmented holdings.

The remaining 20 per cent. of the arable land distributed has been formed into so-called "residual estates," averaging 84 hectares (200 acres) in area, of which there are over 1,500 with a total extent of 134,809 hectares. In cases where land forms an economic unit, usually from 50 to 200 hectares in area, it has not been entirely broken up, but about 40 per cent. has been left intact, enough to preserve the value of buildings and equipment. This forms the residual estate. Some of these estates have been sold to approved purchasers, industrial, transport, or cultural undertakings whose activities conduce to the objects of the reform, including co-operative societies; but two-thirds of them have been transferred to former tenants, bailiffs, or other employees of the great estate in question.

Payment for the transferred land is made on a basis of the average price of land in the years 1913-15. This is reached by multiplying the assessed net income by a coefficient varying for the four typical agricultural zones (beet, grain, grain-potatoes, forage), also with distance from markets. The price is further raised for vineyards and orchards, standing crops and improvements since 1915, and lowered for inefficient management. Land over 1,000 acres is also paid for at a progressively lower rate per acre, and in cases where land is not transferred for some years, the rate is lower in proportion to the profit assumed to have been derived during that time from the land. Cash payments are occasionally made but cannot be demanded of right. Creditors may sell or assign their claim. More usually, after all taxes, mortgages and other charges on the land have been paid off, the remaining compensation due is entered in an indemnity book kept at the Indemnity Bank, which has been created by the Land

Office. It is credited with interest at 4 per cent. per annum, and with an annual amortisation of $\frac{1}{2}$ per cent. A proposed issue of bonds to former owners was abandoned in view of its effect on public credit.

It was recognised that in many cases the new owners would be unable to pay the price of their land immediately, especially owing to the fall in agricultural returns, and that in some they would lack the necessary capital to cultivate it. It was therefore arranged that credit should be obtainable up to 90 per cent. of the value of the land, and 50 per cent. of the value of the buildings or of the cost of construction where buildings are lacking. Part of this credit has been provided by the Indemnity Bank through co-operative credit banks, syndicates, and other financial institutions. A total of 480,000,000 kč. has been advanced in this way. In addition, the State guarantees credits, usually short term, from private financial institutions up to a total of 200,000,000 kč. The sum already advanced in this way amounts to 154,000,000 kč. In both cases credit has been advanced against mortgage, the borrower being prohibited from selling his land until the debt is discharged. Interest is from 5 to 6 per cent. The bulk of the credit advanced has been for the purpose of financing purchase.

The land reform affected some 67,200 employees of the former great estates. Of these 25 per cent. received landholdings, some grouped in colonies or communities; 22 per cent. were re-employed, generally on the residual estates; 46 per cent. received cash compensation, and 6 per cent., consisting of the old or disabled, were pensioned off. The purchasers of residual estates were obliged to take on the old employees, or if they failed to do so they were obliged to pay compensation in the form of surtax on the land.

In addition to providing credits, the State set aside a fund of 20,000,000 kč. (derived from fees and fines paid by landowners

on resuming their estates, from rents and similar sources) for internal colonisation. Colonisation has been carried out in 148 communes, twenty-eight of which have been created since the land reform. The colonists number 2,707, of whom 2,140 have been established in Slovakia and Sub-Carpathian Russia. The holdings thus created range from 6 to 30 hectares (15 to 70 acres), according to the quality of the soil, etc., but the average is about 12 hectares (30 acres). In some cases holdings take the legal form of indivisible family farms. Credits have been provided to the extent of 160,000,000 kč. Occasionally it has been possible to use existing buildings for houses, but more often new cottages have been constructed, credits being provided for the purpose. These number 1,500, and are principally in Slovakia. Some of these colonies are organised on co-operative lines, and will be referred to in a later section.

Some examples may be taken as illustrating modern Bohemian agriculture as well as the results of the land reform. In one of the new colonies in the Elbe Valley the farms run from 3 to 20 hectares and are in a flourishing condition. Production and animal population have risen. Houses, some of them new, are grouped in the village. A typical farm consists of about 20 hectares mixed cultivation, 15 stall-fed cows, pigs, several draught horses, geese and poultry. In a neighbouring commune a 9-hectare family farm is given up to mixed cultivation—grain, potatoes, clover, a little fruit. Seven cows are kept, which are stall-fed and do the ploughing, also pigs and poultry. The houses and outbuildings are fitted with electric light, and there is an electric motor for threshing and other purposes. The family of four adults and several children is supported by their holding, living off the produce and sending a certain quantity to market. There is no hired labour.

Only a small portion of the forest land has as yet been dealt

with. It remains in the hands of the State, which is managing it through the agricultural schools. It is proposed to transfer it gradually to public authorities, companies, and forestry co-operatives. In a few districts, where pasture is lacking, forest has been sold to pasture co-operative societies for felling.

In assessing the results of the Land Reform, in so far as they are yet apparent, it must be borne in mind that the reform was an extremely moderate one; considering the number of rejected applicants for land, it may even be wondered if it was not too moderate. On the other hand, the retention of considerable areas in the hands of the original owners, the creation of residual estates, and the distribution of land amongst existing peasant proprietors, as in large measure an alternative to the creation of new holdings, has had the effect of disturbing as little as possible the agricultural economics of the country as a whole. Such changes as have taken place—and they have been considerable—have been the more successful owing to the comparatively high standard of education, both technical and general. Of the peasants, 96 per cent. are literate, the agricultural schools turn out some 1,500 students annually, while in addition conscripts from rural districts receive agricultural instruction in barracks. Research institutes, exhibitions, and farmers' periodicals assist in the work of education. Further, the co-operative movement is well developed, credit readily available, except in the east, and supplying and marketing services at hand.

The principal anxiety felt for the consequences of the reform was its possible effect on production, especially of arable crops. It is well known that the proportion of vegetable production, especially of wheat, barley, and sugar beet—the crops which come on the market—increases with the size of the holding, while the proportion of animals declines. It is further observed that the peasant proprietor eats more of the crop he produces than

does the labourer on a large estate. This, however, except in so far as it indicates a necessary rise in the standard of living, merely means that he has short-circuited the market, and no decline in production is involved. As was anticipated, the land reform has been followed by an increase in animal production, by no means unwelcome, owing to the unfavourable trade balance in meat and fats. Not only quantity but quality has improved. The number of cattle, goats, and swine has increased. Horses have also increased, but in so far as they are used for draught purposes and not bred, this means an increase in capital equipment, not in production. Oxen have in many cases been replaced by cows for draught purposes. Sheep have declined, but this is not regretted, as they are regarded from the mediæval point of view as devourers of men. The only adverse effect on animal production has been that the reduction of large estates restricts the market for store cattle. The pasture co-operatives, however, are attempting to provide a remedy.

Turning to vegetable production, however, it appears that this also has increased as a whole very appreciably since 1920, when the country was still suffering from post-war depression, and even slightly on the pre-war output. The exceptions are wheat and barley—the export crops—which show a slight decline, or at least a rather doubtful equilibrium. The value of this is much more than compensated by the rise in animal production, as indeed would any fall in crop output which might be regarded as theoretically possible. The beet output, however, has actually increased, both acreage and output per acre having risen. Nearly half the total crop is now grown on holdings under 20 hectares. The output of alcohol is somewhat fluctuating, but at least has not fallen.

The reform has led to a great reduction in hired labour, which on small farms forms an unimportant element compared with the

labour of the owner's family. This is looked upon as a move toward economic peace. Another move in the same direction was the establishment in 1919 of the Eight-Hour Day for agricultural workers. This provision appears to be still in force, but it is difficult to say whether it has been actually carried out to any appreciable extent. Agricultural workers are in a fairly good position as regards social insurance. The transformation of labourers into smallholders has also raised the standard of rural life, as is shown by the increased consuming capacity of agricultural districts, a phenomenon which has reacted favourably on industrial production. Another beneficial result of the reform has been the possibility of providing qualified industrial workers with building sites and plots of land, thus providing them with accommodation and partial support in times of unemployment and industrial trouble.

The standard of rural housing in general has been considerably improved. A demand for better houses had sprung up, due partly to the enlarged experience and less acquiescent disposition which the war brought to the younger peasants, and this the land reform has met both by providing land for building on behalf of peasants and workers alike, and by the actual construction of houses in the new colonies. Lastly, general culture has been benefited by the acquisition of land for public buildings, agricultural schools and scientific institutions, gymnasia and sports grounds.

On the whole, as far as can be estimated, the changes have succeeded in their object of moderate reform, a stabilisation of agriculture, and an improvement in the conditions of the agricultural population. They have also created the rural economy in which and through which co-operation will have to develop for many years to come.

The origins of the co-operative movement, however, lie many

years behind the land reform. In 1873 a law was passed by the Austrian Government which was thenceforward to provide the legal basis for co-operation in the three Provinces of Bohemia, Moravia, and Silesia. It defined a co-operative organisation as "a Union with open membership for the promotion of the trade or industry of its members by means of joint business." Liability is unlimited in the case of a credit society of the Raiffeisen type, but other societies may be with liability limited or unlimited, or limited to a multiple of the members' share capital. Societies may even be without share capital and may form a reserve out of their profits. Shares may be of any amount, and shareholding may be compulsorily increased by a two-thirds majority at a general meeting. Each member has one vote only, unless the rules provide otherwise. Members may withdraw with the consent of the society, or may transfer their shares to other members or prospective members. The internal government consists of the general meeting, the supervisory council, and the management committee. Co-operative societies are not forbidden to sell to non-members, but by doing so they forfeit certain exemptions from taxation. No specific directions are made as to the disposal of profits. The society draws up its own rules with considerable freedom. Voluntary dissolution may take place at the decision of a two-thirds majority. In 1903 the law was amended so as to make it compulsory for all co-operative societies to have their books audited either by the State or by a Central Union of their own, to whom the Government was prepared to delegate auditing functions.

A similar co-operative law was passed in Hungary in 1875 and applied to Slovakia and Sub-Carpathian Russia, but was modified by an Act of 1898 on credit societies. This Act provided for the formation of local credit societies with open membership within the area of the society's operations. The society may accept

deposits from, but may not give credit to, non-members. The conditions of granting credit and the individual maximum must be fixed. Members must subscribe for at least one share; liability is limited to three times the value of shares. Each member has one vote. Members may withdraw on giving due notice. Ten per cent. of net profit must be paid to reserve till the latter is equal to half the nominal capital. Further profit may be distributed in interest up to 5 per cent. on share capital. Loss must be similarly distributed. Liquidation may be voluntary or compulsory. Taxation and stamp duty are remitted for all societies which are members of the Central Union. No society may exist unless in connection with some public corporation or the Central Co-operative Credit Union. This Union was formed by the adhesion of individuals with liability limited to their membership shares and local credit societies with liability up to five times the value of their shares. There was no maximum shareholding, and voting rights were left to be fixed by rule. Dividend on shares was limited to 4 per cent. Of the profits, 10 per cent. must be paid to reserve, 10 per cent. to a guarantee fund, and the remainder in dividends. The Central Union advanced credit to member societies, and was empowered to appoint a representative to their boards and to exercise a general control over their policy. The Central Union was subsidised and partially controlled by Government. The most noticeable differences between this and the Austrian system are the limited liability character of credit societies and the predominance of State influence and finance.

In 1919, after the formation of Czechoslovakia, a law was passed unifying the legal position throughout the Republic on the basis of the Austrian law. An Act was passed regulating State aid to co-operation, and in 1924 an Act regulating banking institutions had considerable effect on co-operative bodies, especially

Central Unions. It prohibited organisations accepting deposits from any form of trading except "wholesale trading on commission on account of undertakings which have business relations with the bank." Local credit societies were permitted "the joint purchase of trade requirements" for members only. Other Acts have referred to special branches of co-operative activity, as, for instance, electrification.

The influence of legal as well as of geographical and political conditions is traceable in the development of co-operation in Czechoslovakia. In the "historic lands" co-operation has begun with the unlimited liability credit society, and passed to co-operative supply of requirements and co-operative marketing and processing. Central Unions, gradually to make themselves responsible for auditing and many other functions, were formed in the nineties of last century, and differences of race and language made it inevitable that in each of the three Provinces there should be two Unions, a German and a Czech. In Moravia two Czech Unions exist, one responsible for credit societies with unlimited liability, the other mainly for societies with limited liability, some of them for credit, but most for trading purposes. Since the formation of the Republic, a Polish Union has been added in Silesia with a relatively small membership, and for many years a second Czech Union has existed in Bohemia under Catholic auspices. The three German Unions have a common centre, and the whole nine, together with three from the eastern Provinces, to be described later, are members of the Centro-Co-operative. The latter body, though of growing importance and valuable as a representative of the co-operative movement throughout the Republic, is of a purely consultative character, has no real control over its members, and is, in fact, a species of League of Nations. Authority rests with the twelve Central Unions, and the whole system of organisation presents a complexity possibly more

bewildering to the foreign enquirer than deleterious to the bodies concerned.*

In Slovakia and Sub-Carpathian Russia developments have been somewhat different. The first societies were savings banks with limited liability, and these were followed by rural consumers' societies organised under Hungarian influence, and doing a certain amount of agricultural supplying and marketing. In 1898 the Central Credit Union in Budapest took charge of the savings banks, and the consumers' societies affiliated to the well-known "Hangya," also in Budapest, and the central organisation for many similar societies in other parts of Hungary. A certain number of Slovak societies refused to join this group, and appealed to Prague for help in organising. In 1912 these societies formed their own co-operative centre at Budapest, which after the war was transferred to Bratislava, and became the compulsory centre for all societies in Slovakia until such time as relations with Hangya could be liquidated. A few years later a separate centre was set up for credit societies on the Schulze-Delitzsch (limited liability) model. The year following (1925) the last of the Central Unions was formed in Sub-Carpathian Russia.

The present relations of the State to co-operation fall under two main heads, the financial and the educational, and both have a character which may be described as bilateral. With regard to taxes due from co-operative societies to the State, credit societies are exempted altogether, while other societies obtain relief so long as they do no business with non-members. Once they break this condition they receive the same treatment as commercial companies. Societies dealing only with their own members pay

* In addition there are the consumers' movements, also divided by nationality and political persuasion, the industrial productive co-operatives, the housing co-operatives, and the ex-servicemen's co-operatives, all with central unions of their own.

5 per cent. instead of 10 per cent. surtax on profits. The usual income tax on profits is graded for them on a different scale to that for private undertakings, the effect being that while small co-operative profits escape altogether, larger profits are taxed at a somewhat higher rate than in the case of companies. Local rates are equal, and it is claimed that in all cases the compulsory publication of accounts lays co-operative societies open to heavier taxation than private companies.

The attitude of Czechoslovak co-operation to State aid has always been that self-help must come first, but that where an adequate measure of local support is forthcoming, State aid may be safely accepted. In some cases, it is true, it has been abused, especially in the case of machinery-hiring societies, and a collapse of the society has usually followed, but more frequently the assistance, prudently administered, has helped the society through its initial stages, and, it is claimed, has been more than repaid by the increased taxable capacity of members. Credit societies have for many years been in the habit of receiving 300 kč. on formation from the provincial governments (formerly about £15, but now less than £2) which was later repaid, and other societies (with the exception of mills) received public subsidies for the erection of premises and plant, as well as interest-free loans. Many societies, however, have been formed on an entirely self-supporting basis, and this tendency is increasing. The actual forms of State aid at the present time are as follows:

(1) A subsidiary State guarantee of societies' debts to creditors, principally for the first installation of plant, etc. The total sum voted for this purpose was 50,000,000 kč.

(2) The provision of loans without interest up to 90 per cent. of the sum required, usually repayable in ten years.

(3) Direct subsidies either in cash or in plant put at the disposal of the society, and ultimately becoming its property.

The theory of the State has always been that its functions include making credit available to the small man in the same way as the joint stock banks make it available to big business. Following on this theory various funds and facilities have been established which will be referred to again in so far as they are related to co-operation.

As has been explained, the State has delegated its auditing functions to the Co-operative Unions, and these have undertaken in the same way the technical inspection of their affiliated societies, for which they receive a State grant. The State always makes certain grants for the teaching of co-operative methods within the movement, and for publishing the results of co-operative research. There is, however, another aspect of State co-operative education—namely, the part which the State can take in educating its citizens as co-operators. Co-operation, it is urged, is a school for democracy, and from that point of view alone it would be worth the State's while to introduce co-operative subjects into the elementary and technical schools and the universities. Something has been done in the teachers' training colleges, and occasional lectures are given in schools and agricultural training schools, but otherwise little progress has been made along these lines.

Co-operation in Czechoslovakia cannot be described in any sense as State controlled. The State does little more than stand by in friendly observation and readiness to help. The Ministry of Agriculture has a Co-operative Department which keeps in fairly close touch with the Co-operative Unions, but leaves all organising work to them. It provides grants and loans after carrying out the necessary enquiries; it collects statistics; in Slovakia and Sub-Carpathian Russia it is somewhat more actively engaged in solving the problems left by the war and the change of Government, in promoting new societies and providing for those severed from their former base in Hungary.

Before concluding this section, it may be worth recording rapidly some of the fiscal and other changes through which the country has passed, and which have had at least a temporary effect on agriculture, and through agriculture, on agricultural co-operation.

War conditions were, generally speaking, disastrous in their results on agriculture, reduction in livestock and lack of manures being among the most serious effects. The State fixing of prices also seems to have reacted unfavourably on the farmers, and production fell to 40 per cent. of the normal. Recovery from this condition took about three years.

During the war a currency inflation took place, with a consequent rise in prices. Early in 1919 the currency was separated from that of Austria, and the inflation ceased; but prices continued to rise, and the foreign exchange value of the Czech krone fell. The period of undervaluation was succeeded by overvaluation, but about 1923 stability was reached, and the krone has since then remained more or less steady at about one-tenth of its pre-war value.

In every year until the last exports have exceeded imports in Czechoslovakia, and at least 50 per cent. of the favourable trade balance has been derived from agricultural products—hops, sugar, barley, malt—and timber. A considerable quantity of maize, some meat and fats, and a moderate amount of bread cereals are, however, imported. Immediately after the war there was a shortage both of food and livestock, and though a high import duty was imposed on nearly all goods, the above-mentioned commodities, besides seeds and cattle, were put on a free list. For a time it was even forbidden to export food. No tariffs existed on agricultural imports until 1926, when the danger of famine was long past. The peasants succeeded in making themselves heard, and a moderate duty was imposed on certain

articles. There are still demands, however, for protection for home-grown meat.

The conditions and environment having been thus roughly outlined, it is possible to consider in detail the different developments of co-operation in Czechoslovakia.

II.—CREDIT

The foundation of agricultural co-operation in Czechoslovakia rests, not only historically, but also from the point of view of economic structure, upon the credit banks. They are organised on the Raiffeisen system, though usually called, except in German-speaking districts, by the name of a nineteenth-century Czech philanthropist, the physician Dr. Kampelik, whose writings place him as in some ways the precursor of Raiffeisen. The first local societies were founded about 1868 at a time when the peasant was, as in other countries, deeply indebted to the local, usually Jewish, merchant; through the nineties their numbers increased rapidly, and by 1901 had reached a total of 1,498, with a membership of 124,400. By this time they had been grouped in Central Unions, organised on lines of nationality, which acted as clearance banks and also undertook propagandist functions, auditing, supervisory, and organising functions, made all the more essential by the absence of a public auditing system in Czechoslovakia. The credit banks progressed steadily through the early years of the new century until the war. The experiences of the war were various, but principally unfortunate. The free circulation of money did something to swell the banks' deposits, high food prices bringing a transitory prosperity to agriculture; but public anxiety produced a disinclination to save or borrow, and the boom was soon followed by the post-war slump and the cumulative

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effects of depleted stocks. In Silesia actual war losses were so heavy that a share in war indemnities was insufficient to repair them, and a special voluntary levy among members was instituted to restore the stability of societies. Equally serious from the point of view of the banks was the devaluation of the currency, which drastically reduced the actual value of reserves and savings, while the nominal value of fresh loans was naturally increased to meet new demands. The currency, however, was stabilised, though its former value was not restored, and progress has been resumed and in some cases accelerated. In 1926 (the last year for which complete figures are available) statistics for the whole of Czechoslovakia were as follows:

Number of societies*	4,854
Membership	830,000
Average number of members per society	170
Total share capital and reserves	200,000,000 Kč. (£1,227,000)
Share capital and reserves per member ..	240 Kč. (£1 10s.)
Total deposits	5,800,000,000 Kč. (£35,582,800)
Deposits per member	7,000 Kč. (£42)
Total loans	3,500,000,000 Kč. (£21,472,400)
Loans per member	4,200 Kč. (£25)
<hr/>	
Number of Central Unions	12
Capital and reserves (1927)	118,643,000 Kč. (£727,800)
Total balances	2,204,000,000 Kč. (£13,521,400)

By this time a complete network of societies had been established throughout the territory of the Republic, though development had reached its highest point in Bohemia (where in many districts "saturation point" has been reached), followed by Moravia and Silesia. It is calculated that there is a credit society for every 2,586 inhabitants in Czechoslovakia, a number only surpassed in Germany. In one village of 700 inhabitants, every

* By 1929 the number of societies stood at 5,469—an increase of 26 per cent. since 1919.

ninth soul is a member of the Credit Bank, where, during thirty years' work, deposits totalled £649,625. Credit banks in the German-speaking districts developed slightly in advance of those in the Czech districts, and were in a somewhat stronger position relative to their numbers in the years immediately following the war. Banks affiliated to the Czech Union have, however, developed and multiplied more rapidly in recent years, and now stand at about 70 per cent. of the total—a percentage rather more than proportionate to the Czech as compared with the total population.

The local Credit Society, with its hundred or two hundred members is based on the village. Its members are principally small or middle peasants—men owning anything from 10 to 50 acres—with a sprinkling of labourers, village craftsmen, and officials. Before the war it was calculated that of the members 50 per cent. were peasants, and 13 per cent. peasants who were also artisans, smiths, cobblers, etc.; 8 per cent. artisans only, 22 per cent. labourers, and 7 per cent. unclassified. In every second society the secretary is the village schoolmaster, who is able not only to watch over the present fortunes of the society, but to provide for its future by inculcating thrift and co-operation in his pupils. Membership is open to all those who own house or land in the village, and who do not compete through their business with the co-operative undertaking. Women are admitted to membership, but apparently do not, as a rule, take part in meetings. The peasants' wives, however, play an important part in building up the success of a society, as it is they who save and through whose influence savings are deposited at the Credit Bank. Share capital is small, perhaps as little as 20 kč., or 2s. 6d. per member, and the interest on it must not exceed that paid on savings deposits in the Credit Bank. Frequently no interest is paid at all. Government is democratic, each member having one vote only, and all officials and committeemen are

volunteers except for the treasurer-secretary, who actually receives deposits and conducts all financial business and correspondence. He is expected to lay down a sum of money as security, and is also paid an honorarium varying with the amount of time he devotes to the services of the society. In some of the larger banks this is sufficient to supplement the income of a man with a pension or other small means, so that he becomes an almost full-time employee. Credit societies have always been entitled to receive 300 kč. from the provincial authorities towards covering initial expenses. This is repaid as soon as reserve exceeds share capital, but in recent years has not always been claimed.

The business of the society is to receive deposits from members and non-members alike, on which it pays interest at from 4 to 6 per cent.; and to make loans to members only for projects approved by the Committee at rates of interest from 5½ to 8 per cent.* The bulk of the funds so distributed are in short-term loans up to four years, and the object is usually minor agricultural development, the purchase of small parcels of land, live and dead stock, etc., though the repayment of previous loans, especially burdensome mortgages, is not excluded. Short-term borrowers receive loans on their personal security backed by the surety of a neighbour. Credit banks may also loan on mortgage generally at a slightly lower rate, but, owing to the inconvenient and hazardous nature of such security, only to the extent of one-third of the deposits held. Such enterprises are not recommended except to well-established banks. Such mortgage loans are long term, from six to twelve years. Loans are made not only to individuals, but to co-operative trading societies, mills, warehouses, dairies, etc. These societies frequently open a current account with the Credit Bank, as is done in other countries with

* The higher rates are only current in the eastern provinces.

a private bank. In the case of a creamery, butter merchants pay direct to the credit bank for produce bought, while milk suppliers also take their checks to the credit bank to receive payment due. The creamery receives interest on all moneys paid into the bank, and pays interest on any overdraft which may occur. Loans are also in some cases made to the municipality for purposes such as the construction of school buildings, drainage, roads, etc. In Silesia, however, a special loan bank has been created for this purpose, as the individual societies rarely have the means for such business, and the Central Union may only deal with its own members.

The local banks on an average employ, or invest locally, one-half to two-thirds of the deposits received. The rest they transmit to one or other of the central banks, receiving interest which usually exactly covers that paid to their own members. An interesting series of changes have taken place in the proportions invested locally and centrally. Before the war 90 per cent. of the local banks' resources were on loan to their own members. In 1924 only 15 per cent. was loaned at short term to members and 76 per cent. deposited with the central banks, the remainder being apparently idle or in other securities. Now the proportion in local use has again risen with returning prosperity, but it is difficult to say how far this movement will continue. In dealing with averages in this way it must not be forgotten that the proportion of loans and deposits varies from one bank to another, largely according to the type of agriculture carried on in the neighbourhood. Thus, South-Western Bohemia is known as a depositing district, while the North-East makes a large demand for loans. To regulate these conditions is one of the principal functions of the central banks. Private financial institutions offering higher rates of interest are in some instances a temptation to local banks with funds to invest, but in the interests of safety,

co-operative solidarity, and co-operative commercial development, this is naturally discouraged.

As a concrete instance, the affairs of the local co-operative credit bank at Wallern may be given. It was founded in 1922, and has a now membership of 241, with one share of 25 kč. (2s. 6d.) per member (£30 share capital). The turnover in 1928 stood at 9,726,557 kč. (roughly £60,000). Roughly £20,000 was received in deposits and five-sixths of this sum repaid. Loans amounted to only £2,746, and loans equal to nearly three-quarters of this sum were repaid. The rest of the turnover was made up of current accounts with the Central Union (£12,000), the members (£18,000), and the Post Office (£9,000). This, of course, means that the same sum of money passes more than once through the society's books. Loans are made locally for private purposes, to the creamery, the co-operative furniture industry, also to local traders. The remainder is deposited with the Central Union at the same interest as that paid on members' deposits. A small proportion of the loans are on mortgage, but most on personal security. In 1928, 120,000 kč. profit was made; $4\frac{3}{4}$ per cent. is paid on shares and the rest goes to reserve; $4\frac{3}{4}$ per cent. is paid on deposits. Mortgage borrowers pay 6 per cent., and borrowers on surety $6\frac{1}{2}$ per cent.

As this example shows, any profits remaining after the payment of fixed interest on shares are ordinarily placed to reserve. No distribution of profits is in any case made, but in some instances the credit bank has made contributions to the foundation of local public institutions making for the social improvement of the district. These will be referred to in more detail in a later section, but it is important to bear in mind that the credit movement in Czechoslovakia, like the industrial consumers' movement in England, has higher ambitions and more varied achievements than can be included in simple financial or

(in the English case) commercial development. Loans to municipalities have already been referred to; the part which credit banks could and did play in the execution of the land reform and the redemption of leased land was necessarily a considerable one. Evidence of the importance and ubiquity of the credit banks and their connection with social welfare is the fact that in Bohemia the old-age insurance fund, a national non-profit-making institution (not State controlled) is administered through the banks. In some districts the bank has set on foot and financed co-operative schemes of land drainage. In others it has acquired agricultural implements and loaned them to its members. It is, however, by financing co-operative trading undertakings of all kinds that the credit banks have produced the most striking results outside the sphere of personal financial assistance. These developments will form the subject of later sections.

The credit banks of Slovakia and Sub-Carpathian Russia require some special comment. In Slovakia, in particular, a large number of credit banks were established while the country still formed part of Hungary. They differed, however, considerably from the Raiffeisen type, being on a basis of limited liability, with a larger membership per society, higher share capital, higher reserve, and more frequent use of bills when making loans than is common in the Raiffeisen society. They were also State supervised and attached to a State-financed central bank in Budapest. With the transfer of territory this connection was naturally severed, and Central Unions were set up for Slovakia and Sub-Carpathian Russia. A few independent societies had always existed, but, after the war, banks on Bohemian models were set up and have increased in numbers. The older societies with limited liability were also regrouped round the new Central Unions.

As has been noted, the Central Unions were formed at the

end of last century in all the Czechoslovak territories, except Slovakia and Sub-Carpathian Russia. Until 1925 these Unions acted not only as educational and propagandist centres, like the British Union or the Irish Agricultural Organisation Society, but also acted as central banks, for which purpose they received certain initial contributions from other savings institutions, and as wholesale societies, supplying their affiliated societies with coal, feeding-stuffs, manure, etc., and undertaking bulk sales of their grain, potatoes, chicory, etc. Two Unions exist in Slovakia and Moravia which do not include trading societies amongst their members, and whose scope, therefore, has always been more narrowly financial. In 1925 some failures of private joint stock banks took place, which were attributed to an imprudent mingling of banking with commercial activity. A new law was passed which confined the right of accepting deposits on savings bank books to certain classes of undertaking in which the co-operative banks and their unions were included. At the same time they were forbidden to carry on trade at their own risk, except that local Raiffeisen banks were allowed to continue the business in requirements which some had undertaken. Other provisions of the new Act included a tightening up of the liability of officials and an obligation on the banks to establish special funds to make good their war losses. It also established special inspection unions of which all deposit-receiving institutions were bound to become members.

Following on this Act the Central Unions immediately transferred their wholesale activities to subsidiary companies and limited their practical as distinct from their ideal and educational functions to banking. This change makes comparison difficult between different stages in their growth. One or two tendencies, however, may be noted. During and since the war deposits have been accumulating much more rapidly than the demand for

agricultural credit has expanded. Thus, while in 1900 the figures are roughly 10 to 8, and in 1913 they had changed but little, in 1927 they were 17 to 7. In these circumstances it is natural to find a great increase in the sums deposited in banks or invested in State and other securities. In 1900 funds in these categories amounted to less than half those distributed in credits; in 1927 they were more than double. The actual increase in the resources of the central banks is masked to some extent by the devaluation of the currency, which gives to the post-war figures an unduly imposing appearance. It may be stated that between 1900 and 1913 deposits and credits alike had increased ninefold or tenfold, reserves twelvefold and share capital twentyfold, bank deposits fivefold and investments thirtyfold. The investments would seem to have gained almost entirely at the expense of the bank deposits, and this may be taken as indicating a bolder and more independent policy, a readiness to invest peasants' savings profitably rather than surrender them unquestioningly to the private banks. Since 1913 deposits for the whole Republic have risen by about 70 per cent. in real value, taking into account the altered status of the Czech krone. Thus war-time losses have been more than made good in the aggregate, but it may be inferred that this has happened to some extent through the formation of new societies and the inclusion of new territories, rather than through the expanding resources of individual societies. In those districts, already mentioned, where "saturation point" had been reached, or nearly reached, little or no opportunities for expansion existed. In the German Union of Bohemia, for instance, the pre-war level of financial resources had been scarcely regained in 1926. In such cases the prosperity of existing peasant members directly fixes the prosperity of the Society; it can rarely balance smaller individual deposits with an increase of depositing members. In contrast to deposits, credits have been stationary. Share

capital has increased, like deposits, about 70 per cent., and reserves show as much as a ninefold increase. Bank deposits multiplied six times or more during the war, but have since remained more or less stationary, with a certain tendency to fall. Investments, on the other hand, have risen, showing little alteration during the war—indeed, when inflation is taken into account, even a decline—but multiplying more than three times since its termination. These proportions, however, are for the Republic as a whole; the different Central Unions vary considerably in their practice—the Czech Union of Bohemia, for example, invests a very large proportion of its spare funds, while the German Union adheres to the more conservative policy of depositing the major portion with joint stock banks. Owing partly to this fact, it is difficult to make any statement of the proportions in which the funds of the credit banks are employed respectively in personal credits, in the financing of co-operative undertakings, in investment in State or other securities, and in deposits in private banks. It would appear, however, that, generally speaking, the first represents a somewhat inelastic demand, usually easily met by the local banks without recourse to the central unions, and that the second is a growing demand, but is still insufficient to employ all the idle funds of the movement. This is not surprising when it is considered that a large proportion of the peasant savings of Czechoslovakia pass through the hands of the credit banks, and that these have been in existence for thirty years or more, while co-operative commerce and industry is mainly a post-war development. Investments in such things as Government securities are thus a necessity, until the co-operative movement has developed sufficiently to absorb profitably all the resources of the banks; it is also a measure of safety, and a form of putting co-operative eggs into several baskets. Deposits in private banks may be regarded in the same light, and are also

more readily available than investments. The introduction of a cheque system was at one time under discussion, but does not seem to have been carried further. The following figures will indicate the general position in 1927:

Number of Central Unions	..	..	..	12
Number of member societies	..	..	..	9,482*
Share capital	..	..	..	27,591,000 kč. (£169,270)
Reserves	..	..	..	91,054,000 kč. (£564,440)
Deposits of member societies	..	..	..	1,709,817,000 kč. (£10,490,000)
Credits	..	..	..	660,290,000 kč. (£4,050,800)
Investments	..	..	..	958,640,000 kč. (£5,881,220)
Deposits with banks	..	..	..	522,867,000 kč. (£3,207,900)

More than half the deposits are accounted for by the Czech Central Union for Bohemia, which is the second largest bank—co-operative or private—in the country. The total balances have increased 159 per cent. since 1919, and the capital and reserves 813 per cent.

In 1922 the "Agricultural Savings Bank" was founded at Prague under the control of the Czech Central Union. Its purpose was to catch the investments of Raiffeisen societies in danger of finding their way outside the movement. It has now 500 members, a share capital of $\frac{1}{4}$ million kč., reserves of $1\frac{1}{4}$ million kč., and deposits of 35 million kč.

Various other agricultural credit institutions of a non-profit making character exist in Czechoslovakia, either on more or less co-operative lines or connected with the State. The most important of these are the Schulze-Delitzsch Banks and the District Agricultural Loan Banks. Between them they bring the total of agricultural savings up to something approaching 60 million pounds.

The Schulze-Delitzsch Banks are co-operative organisations

* This includes co-operative societies other than credit banks.

on a basis of limited liability. They exist more commonly in towns where they are patronised by the urban middle classes, but in some districts they are also to be found in the country, supplying the needs of the agricultural population, and affiliated to the agricultural Central Unions whose funds they swell. In 1928 there were 615 of these banks, mostly in Moravia, together with some of a similar type in Slovakia.

The District Loan Banks have a long and curious history. About 1780 the Emperor Joseph II. established district granaries, intended partly for military purposes, partly to provide against bad seasons. To these the peasants brought compulsory contributions in grain. After some forty years they were found to have outlived their purpose, but certain assets, including the granaries themselves, remained in the hands of the district. It was decided to sell the buildings and use the proceeds as the nucleus of local loan banks. Later, deposits were also accepted, and the work has prospered and extended. In 1920 the banks were reorganised. Co-operators hoped that they might have been placed under the Central Co-operative Unions, but it was decided to federate all the Bohemian banks in a central bank of their own in Prague. This arrangement does not apply to Moravia and Silesia, where the banks are completely independent of one another, or to Slovakia and Sub-Carpathian Russia, where the system was never introduced. In the case of some Bohemian banks, the deposits are guaranteed by the district. In recent years they have begun to undertake mortgage business. The loan banks are usually in country towns, while the Raiffeisen banks are in villages. Their members are also more commonly the richer peasants and land-owners. They do to a certain extent compete with the Raiffeisen banks, and opinion is divided as to how far this competition is harmful.

Another experiment was the Agricultural Credit Fund,

founded in 1898 by the Province of Bohemia, with object of financing co-operative organisations. After 1908 it began to receive deposits from district loan banks and co-operative organisations, and assumed some importance. Various difficulties, some of them political, hindered its fuller growth.

Today the total savings deposited in agricultural credit banks (Raiffeisen, Peasants' Advance Banks, Agricultural Mutual Advance Banks) amount to 6,000,000,000 kč., while those in the Agricultural District Loan Banks amount to 3,250,000,000 kč., the combined totals constituting a considerable monument of co-operative thrift.

III.—WAREHOUSES, MILLS, AND BAKERIES

The first development from simple credit co-operation was in the direction of the supply of agricultural requirements, seeds, artificial manures, feeding-stuffs, machinery, coal and oil. A few farmers' companies for the manufacture of fertilisers existed many years ago, but did not spread. As early as the nineties of the last century credit banks had begun to obtain goods for their members on a commission basis. No premises were needed, as all goods were consigned to the station and there collected by the members purchasing. Gradually this system was supplemented, and later supplanted by special requirements societies organised apart from the credit banks and renting, or more frequently owning, a warehouse. These societies were formed by the members of one or more credit banks, together with any other farmers who might be outside the credit movement. Shares were frequently allotted in proportion to acreage, but not always. In German districts the principle of one man one vote is fairly strictly maintained, but in Czech districts it is more usual to find

votes in proportion to shares—perhaps one vote for every five shares with a maximum. The somewhat unco-operative character of this arrangement is modified by the fact that shareholding is usually small, that members are often though not always of similar financial standing, and that shares are rarely taken up simply as a profitable investment, money laid out to this end being more frequently deposited with a credit bank. There is, however, some feeling that an alteration in favour of one man one vote would be advantageous. Profits are usually paid out in interest on shares, the balance going to reserve. Interest on shares is theoretically fixed at 5 per cent., but this is sometimes evaded. Payment of bonus on business done is rare. A few warehouse societies were formed in Moravia on limited liability company lines, but this is not considered a desirable development.

Societies were usually started with a small share capital and large loan capital obtained from the credit banks. In some cases State aid, in the form of a grant or loan without interest, was also obtained to cover building and equipment. At one place the local agricultural savings bank used its profits to establish first an insurance agency and later a trading agency, which in course of time became a warehouse society. Sales were and frequently are made on credit, but at first this was allowed to run on too long, to the danger of the society, a practice which the societies have sought to alter. The warehouses have naturally always had to meet strong competition, but they have sought to level down prices as much as possible while maintaining quality. The Central Unions early undertook wholesaling functions, but the societies at first bought largely from private merchants, as the resources of their own unions did not develop rapidly enough to supply them.

Before long the warehouse societies began also to handle agricultural produce, not without reluctance, owing to the risks

involved. The principal commodities were grain (largely malting barley), hay, potatoes. In some places an attempt was made to safeguard the society by paying a first price of 80 per cent. of the estimated value and distributing the rest after the completion of sale, but this was soon abandoned for a system of buying firm and selling at the society's risk. At first the policy generally adopted was of constructing large warehouses and selling grain in bulk with a view to influencing prices. This was not particularly successful, and smaller societies were established, working in closer touch with their members. At this time it was still usual to cover the risks on the sale of produce with the society's more reliable dealings in requirements. The societies nevertheless made progress and consolidated their position, helped in this by the activities of the Unions as wholesalers, which will be described later. Through these centres they sold to the army, their other principal customers being brewers, millers, and exporters, though in some cases they exported themselves. During the war grain and other agricultural products were State controlled, and the co-operative warehouses acted as suppliers to the State Board. This helped them to consolidate themselves and build up their reserves, and was a stimulus to the formation of fresh societies. At the same time their business in requirements was curtailed by the Government control and distribution of seeds and fuel. They emerged from the war in an established position which has grown stronger, and with an influence on the market which, if difficult to estimate or describe statistically, is indicated by the fact that during the post-war slump, agricultural prices fell less steeply in districts where the co-operative movement was strong. Since then the construction of new warehouses has continued, and occasionally one has been taken over from the former great estates. The warehouse societies have exercised considerable influence in the direction of technical improvements.

principally by the supply of tested seeds and the introduction of improved manures, etc. Their influence is all the stronger when they are themselves responsible for the disposal of the product. It is noticeable that some of the societies in Moravia were started by officials of the Agricultural Schools who worked for them for many years. Societies do not as a rule sell domestic requirements, but several deal in building materials and even make their own bricks. These sales are also made to non-members, and there is a curious case of a co-operative warehouse society which reduced its management costs and increased its profits by running a subsidiary company dealing with groceries wholesale, which it sold to village tradespeople. Many warehouse societies, themselves originating with credit banks, have in turn led the way to dairies, electrical concerns and other co-operative undertakings, which will be considered in separate sections.

Milling formed no part of the original co-operative programme, but about 1910 the services of the private mills became increasingly unsatisfactory, while many small mills were threatening to close down owing to the competition of Hungarian flour. Several of these mills were taken over by warehouse societies, or, more frequently, new mills were built. At first some of the societies only milled members' grain at a fixed price, but took no responsibility for selling the flour. Since the war, however, they have all undertaken sales, and the movement has considerably extended. In one case the co-operative society took over the former State mills in conjunction with the commune. The commune later withdrew, and its place was taken by another co-operative society in the district. In another case (Plzen) a very large warehouse society already owning one mill became the principal shareholder in a private milling company, and eventually bought out the other shareholders. Some mills when not occupied in milling their members' grain undertake commercial contracts.

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It is a common practice for members to bring their grain to the mill and receive immediately an equivalent quantity of flour and offals.

From milling several societies have passed to baking. This is regarded as work for social welfare rather than a commercial venture, though it is usually profitable. Sometimes it is undertaken principally for the society's workpeople, but usually sales are made to the whole district, and deliveries are sometimes arranged. Occasionally a society goes in for confectionery as well.

In 1928 there were in Czechoslovakia 359 warehouse co-operative societies, more than half of which were in Bohemia, and sixty-two mills, some of them with bakeries, also for the most part in Bohemia. Warehouses are generally of fair size (the largest has a capacity of 500 truckloads) and well equipped. They usually serve a larger district than the credit banks, their sphere of operations being roughly fixed by the distance which their most remote member can traverse, going and returning, in the course of the day. Deliveries by road are rarely undertaken. On this basis the country is almost completely covered, at least in Bohemia, Moravia, and Silesia. Slovakia in this as in other respects is less co-operatively developed. In recent years a process of amalgamation and liquidation has taken place to some extent, so that only strong societies are left. Several of these have established branches, and there are a few federations. On the whole, there is little overlapping, though considerations of transport or accidental circumstances have resulted in one or two geographically awkward districts. The following figures give an idea of the position:

Membership	..	..	..	..	..	160,000
Average membership per society	..	..	..	..	..	445
Turnover	2,000,000,000 Kč. (£12,270,000) or 250,000 truckloads
Average turnover per member	£76

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It may be worth comparing these with English conditions, where 111 general trading societies exist with a turnover of roughly £6,000,000. This is made up, to a much larger extent than in Czechoslovakia, of the trade in feeding-stuffs and includes very slight sales of farmers' produce. It shows a smaller number of societies doing proportionately a larger trade, but this is largely attributable to the conditions of agriculture. The English farmer is frequently a dairyman or stock breeder on a fairly large scale, with a long cold winter during which his beasts must be artificially fed. The Czech farmer is in the main an agriculturist who, if he owns cattle, will feed them principally from the produce of his land. He owns less land, lives off it to a larger extent, and comes less frequently into the market either as buyer or seller than his English confrère. Consequently the Czech figures probably represent a higher degree of co-operative intensity than the English, which would be more obvious if the comparatively small area of Bohemia could be isolated. As early as 1922 it was possible to say that the demands of the small and middle peasants for artificial manures and coal had been almost completely met on co-operative lines, and the movement has certainly not receded since that date. (The number of warehouses has, in fact, increased 20 per cent. since 1919.) The proportion of the total harvest handled by co-operative organisations is impossible to calculate. In some districts agricultural business is purely co-operative and private merchants have vanished. One village reports that it had once six grain merchants—now there is only one, and he deals in flour. Generally speaking, every peasant has the opportunity to use a co-operative warehouse, and most do use one to some extent, but not all are members. Amongst members loyalty is fair, though the motor transport arranged by private dealers is a temptation which either a busy or a lazy man cannot always resist. This problem has scarcely been approached by the co-

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operative warehouses, who are inclined to regard a man who wants his purchases brought to his door as lacking in moral fibre instead of being, perhaps, more usefully employed. Debts to private merchants also to some extent interfere with co-operative loyalty, but here the credit bank can help. There are no membership contracts, or at least none that are enforced.

Before going on to analyse the position of the Central Unions and their wholesale undertakings, it may be useful to give details of two typical warehouse societies in different parts of Bohemia, followed by a mill and bakery.

Hradec Kralové.—The district is rich arable land, corn, beet, chicory, and fodder crops; farms from 3 to 100 hectares (8-240 acres).

The Society has 2,700 members, the most distant living 20 km. (12½ miles) from the Society. The membership includes 90 per cent. of the farmers within this area, and further expansion is checked by the boundaries of other societies.

The Society sells feeding-stuffs, grain, seeds, hay, straw. It does a considerable business with the "Koopertiva" (the wholesale organisation), both as a source of farmers' supplies and a market for their grain. It also sells the main articles of domestic supply, including coal. It has four branches within the area mentioned, but does not deliver by road. Orders are sometimes sent by rail to a farmer's nearest station. Grain is stored loose at the warehouse, and screened but not milled. There is a grist mill for feeding-stuffs, which is a very profitable part of the undertaking. The Society has a large machine and implement department, and is the only agency for such things in East Bohemia. Other co-operative societies buy from it, and there is no private trade. It carries on its own fitting and repairs and also sells sheet iron to farmers, blacksmiths, etc., who are members of the Society.

Payments are on a mixed cash and credit basis, but in the case of credit the farmer pays interest as on a loan. The Society appears to have about four months' credit outstanding. The Society's share capital stands at 270,000 Kč. (£1,650). Its total working capital is 3,000,000 Kč., and its other capital requirements are obtained in the form of loans from the central or local credit banks. The Society pays 5 per cent. interest on share capital and 7 per cent. on loan capital. Credit takes the form of current account, credit on bills, and mortgage.

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Turnover in 1928 reached 42,000,000 kč. (£262,500) or, roughly, £97 per member. Measured in railway trucks, the different commodities stood as follows:

Grain	..	..	..	..	..	1,000 trucks
Manure	..	..	..	..	..	600 "
Coal	..	..	..	..	..	900 "
Feeding-stuffs	..	..	..	..	..	400 "
Hay and straw	..	..	..	..	..	200 "

The turnover in machinery was 7,000,000 to 8,000,000 kč. (£50,000).

No bonus is paid out of profits, but the rate of interest on shares is sometimes raised. Otherwise all profits go to reserve.

The Society is governed by an annual general meeting electing a Supervisory Council (Aufsichtsrat) and a Board (Vorstand) composed partly of elected members and partly of paid officials who hold their places *ex officio*. Voting at general meetings is by shares—one vote for every five shares with a maximum.

Misc.—The district is good corn-land; farms, 15 to 50 acres.

The Society has 1,200 members and 800 non-member customers—this includes practically the whole farming community. Its furthest member lives at a distance of 15 km. (10 miles) from the central warehouse. There are, however, two large and four small depots. All members arrange their own transport. The Society cannot expand geographically without injuring other societies.

The members are loyal in the purchase of requirements except for a tendency to purchase the superior Hungarian wheat flour from merchants in preference to home-grown from the Society. The Society mills and markets 60 to 70 per cent. of members' grain. Membership carries an obligation, enforceable by fines, to send all grain to the Society. This rule, however, is never applied. Grain is bought firm at the day's price. Wheat is mostly sold back to farmers.

The Society sells feeding-stuffs, seeds (from the wholesale society), salt, and building materials, no coal (as there is a cheap local supply), and no machinery. All purchasing is from the wholesale "when not too dear."

Shares are at 200 kč. (£1 4s. 6d.), one share for every two hectares. One man one vote. Profits are distributed, 5 per cent. on shares, and the rest to reserve, extensions, etc. The co-operative society claims little influence on prices, as it is small in relation to the corn-merchandising of the country as a whole. Its sales are mixed cash and credit, but interest is paid on credit transactions. Share capital, £3,326, turnover (in money) £783,736.

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The turnover in agricultural products (principally grain) was, in bulk, rather more than double that in requirements, of which the principal item was manures. The Society is supported by loan capital from the Central Union and also by the local agricultural loan bank and, to a limited extent, two local Raiffeisen banks.

The Society is active in promoting improved cultivation. A Seed Committee has been formed, and a number of members are voluntarily experimenting with improved seeds and various types of soil, fertiliser, etc. The results are being collected and collated.

Prashažka.—The Society was started in 1916 to mill and bake farmers' grain, one of the main reasons for the construction of the bakery being a local scarcity of wood and servant maids. Shares were taken on a basis of acreage, and other capital was derived from loans from the local credit society. There are 380 members. Bread (rye) is sold to non-members in the village. The Society also mills wheat flour and sells it to the trade. Votes are in accordance with shareholding, with a maximum. No bonus is paid on business done, but there is a legal maximum of 5 per cent. interest on shares. Another 5 per cent. is calculated on shares, but, to keep within the law, is actually paid out as an enhanced price on grain purchased.

For some years before the war the Central Unions had carried on the functions of wholesale societies, supplying their members with requirements and disposing of the produce, also in some cases circulating weekly price information, and between 1919 and 1925 this business increased considerably. In that year the new law came into force by which banking institutions, amongst which the Central Unions were included, were debarred from taking part in commerce. The Central Unions immediately formed subsidiary companies on joint stock lines, to take over their wholesale business. The Central Union is usually the principal shareholder, and therefore control by the customer societies is not always direct, though a number of them are usually shareholders. There are at present eleven of the Central Wholesales, three each in Bohemia, Moravia, and Silesia, one in Slovakia and one in Sub-Carpathian Russia. Some of the Central Unions

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continue to carry on an agency business alongside the work of the wholesale, buying and selling on commission being permitted to them by law. The Central Wholesales have drawn up model contracts regulating their commercial and organisational relations with their member societies. On the other hand, they participate in various industrial undertakings of a public or private character, concerned with the production of agricultural requirements; they export and import, linking their business in some cases with that of foreign co-operative organisations. In 1928 the business of the eleven Central Wholesales was as follows:

	<i>Trucks.</i>	<i>Million Kč.</i>	<i>£</i>
Sales of agricultural produce (grain 66 per cent. of total value)	32,000	524	3,214,700
Requirements	131,000	621	3,810,000
Total	163,000	1,145	7,024,700

Of this total, two-thirds is attributable to the Bohemian wholesales and over half to the "Kooperativa," the organ of the Czech Union of Bohemia.

The Kooperativa, like the other wholesales, exists in close financial and administrative relations with its Central Union. Each customer society holds shares in proportion to its membership, and further capital is provided by extensive loans from the banking department of the Union. In 1928 the member societies, whose numbers have been growing, stood at 169, with a total share capital of 20,119,000 Kč. (£123,000) paid in 1,000 Kč. (£6) shares. Interest is paid on shares, but there is no bonus on purchase, all further profits going to reserve or to a pension fund for administrative workers (manual labourers are not included). The Kooperativa provides for the business audit of all societies with whom it has

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concluded commercial contracts. It also provides "consultative" services in commercial and legal matters. The loyalty of members and their observance of contracts is satisfactory.

The Kooperativa owns a warehouse and railway siding on the banks of the Vltava (Moldau) at the port of Prague, and is thus in direct steamer communication with Hamburg and sea-going traffic. In its capacity of public warehouse it receives a 30 per cent. reduction on the State river transport. The warehouse was built in 1920-21, and has a capacity of 500 truckloads, with complete modern equipment for loading and unloading and storing grain and other commodities, also for seed cleaning and grading. It owns other depots, but a comparatively small proportion of its turnover in goods actually passed through its warehouses, the bulk of it going direct to or from the member societies. It does not undertake milling but sends grain when necessary to private mills, receiving back offals for feeding-stuffs or buying offals on the open market.

The total value of the Kooperativa's turnover is roughly £3,750,000, of which £1,750,000 represents farmers' requirements. Two-thirds of this is taken up with chemical manures, of which the Society is a large importer, obtaining its Chilean nitrates through a joint organisation in which Belgian, Dutch, and Swedish agricultural co-operative societies are interested. By recent propaganda it has considerably increased the use of artificial manures. It also sells coal, fuel, and building material in considerable quantities. Coal is obtained from the State mines through a selling syndicate in which the Kooperativa holds shares and has some measure of control. Lime and building materials are also drawn from quarries and kilns in whose ownership and exploitation the Kooperativa participates. It further sells oil, benzine, grease, and soap, for which it has its own factory and special trade-mark, and machinery, for which it holds agencies

for important foreign firms. It holds shares in the subsidiary agricultural, commercial, and industrial society "Agrasol." The Kooperativa aims at selling at the lowest possible prices and has some influence in this direction on the market.

The Kooperativa sells agricultural produce to the value of, roughly, £2,000,000. Nearly half this value covers the group summarised as "forage," the next largest division being export, which covers seeds, possibly potatoes, and grain, to a large extent malting barley. The figures are difficult to analyse to much purpose, as part of the total for forage represents the crops of Czech co-operative farmers bought and resold to co-operative farmers in other districts, part may be sales to the trade, and part undoubtedly represents imports of maize and other goods. The same problem applies to seeds. Most of the business of the Kooperativa comes from its own members, but it does a certain limited business on behalf of the smaller Central Wholesales, principally in selling their grain. It is probably this trade which is described as being on a commission basis, the usual practice of the Kooperativa being to buy firm at the day's price. It has good relations with the Consumers' Wholesale, which will be described in more detail in a later chapter. It also collaborates with the organisation known as "Selecta," a special co-operative commercial society with the object of improving seeds. Selecta has two experiment stations and a model farm near Prague, and has produced several new strains of wheat, beet, peas, and beans.

The wholesale centres of the other unions are on a smaller scale but similar in methods of operation. The German Union of Bohemia, however, continues to do a considerable business on a commission basis, besides operating a wholesale society. It suffered considerable losses in 1922, which it has taken some time to repair. One of the Moravian centres possesses a large and

modern grain silo, with drying apparatus. A feature of the trade of the Polish wholesale in Silesia is the very considerable sale of apples, in addition to the more usual commodities.

IV.—DAIRY AND ANIMAL PRODUCE

The total annual production of milk in Czechoslovakia is about 4,000 million litres (about 850 million gallons), half of which is sold liquid and half manufactured. Only about 5 per cent. of the manufactured milk passes through properly controlled dairies. Some 600 of these exist, of which two-thirds are co-operative. Dairying in Czechoslovakia is of two kinds. In Moravia and in the mountainous districts along the Bohemian frontiers, there is ancient pastoral country where dairying has always been a principal occupation, as in Switzerland, and where the export of butter and cheese has for some time been increasingly important. On the other hand, wherever there are large urban or industrial populations, as in England, a demand for liquid milk has grown up in districts not limited to dairying by any natural conditions. The first co-operative dairies were concentrated in districts of the former type, principally in the high central plain of Moravia and in the German frontier districts of Bohemia. Some large dairies with machinery were installed, and considerable success was attained in the manufacture of cheese and in the butter trade to Vienna, Prague, and the watering-places. In other districts attempts were made to start on similar lines, but the dairies at the outset were small and lacked adequate technical equipment and business management. A federation of the small dairies would have been valuable, but the war arrested developments in that direction. In the mountains of East Bohemia, a very flourishing group of small dairies has, however, existed for some time. Their

small size is made necessary by the broken character of the ground and the difficulty of communications. The people have taken kindly to co-operation, practically the whole farming population is in membership, and the societies have become cultural centres for their villages.

The dairy industry suffered during the war from the requisitioning of cattle, the shortage of fodder, and other adverse conditions; this in turn affected the co-operative creameries, a few of which were actually closed down. About 1922 there was a definite recovery, though the cheese and butter societies in Moravia had a new misfortune in the shape of the Austrian tariff barrier shutting them off from their former market in Vienna. As a consequence they transferred a portion of their sales to the Bohemian towns, and thus came into competition with Bohemian co-operative production. There are today 236 dairies in Moravia. Those in the Czech districts (about half) are federated in a commercial centre with a turnover (in 1928) of fifty-one truckloads of butter and cheese. This represents less than 10 per cent. of the societies' output, the bulk of which is sold direct by the individual society.

In the last few years a new and important development has taken place principally in Bohemia, where a group of large dairies has been founded with the object of supplying liquid milk to the towns, the manufacture of butter and cheese being regarded mainly as an outlet for surplus. Some do not even sell all their butter, but merely preserve milk in that form and sell as reconstituted milk in times of scarcity. Most of these dairies are situated in towns, but some act as country collecting stations, forwarding their milk by rail to the industrial areas. These dairies, together with the smaller Czech creameries, are federated in Section IV. of the Czech Central Union in Prague, which assisted in their formation and organisation and now provides

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technical inspection and control. Great progress has been made, especially since 1926, both in output and quality. The societies have linked their efforts with the advisory and scientific work of the National Milk Research Council. They have also a commercial centre, similar to that in Moravia, with a turnover in 1928 of fifty trucks of dairy produce other than liquid milk.

In Silesia several dairies exist, including one central dairy which receives milk from thirteen subsidiary dairy societies as well as from thirty-eight large landowners, and sells the bulk of it liquid in the industrial area. It handles roughly 4,000 gallons per day. In Slovakia and Sub-Carpathian Russia co-operative dairying is, comparatively, little developed, though a large dairy exists at Bratislava, which exported liquid milk to Vienna until the tariff intervened.

There are in all 395 co-operative dairies which, as has been shown, vary considerably in age, size, and method of operation. They handled a total of 225,000,000 litres in 1928 (roughly 40,000,000 gallons), of which 50 to 60 per cent. was sold liquid and the rest manufactured into butter or cheese. The proportions, of course, vary greatly with the district. The dairies derive their financial support from members' share capital, including, in the case of some of the milk-selling dairies, shares held by the municipality. They obtain loans from local credit banks, or simply open a current account, which may be overdrawn when necessary. In addition, the State has in many cases advanced sums for the building and equipment of dairies, either as free grants or as loans without interest. In some cases the State pays for the plant installed, and retains ownership of it for the first ten years. Members take up one share per cow, usually, though not always, with a maximum. The annual meeting may compulsorily increase the amount of each member's shareholding. Liability is limited. Votes are in accordance with shares. Members are

bound by the terms of membership to send all their milk to the creamery and are liable to a fine for default. No milk is accepted from non-members. Separated milk is usually returned to members, though a few societies keep pigs. Payment is usually a flat rate plus a monthly fat bonus. Butter fat content is satisfactory, frequently averaging about 3·5 per cent. The price may be that ruling for the week or may be fixed for the whole year. There are no winter and summer prices, though these are occasionally imposed by private dealers. On the whole, the milk output varies little with the seasons, though there is a slight excess in some districts in autumn, owing to the sugar-beet harvest. All co-operative dairies pasteurise their milk, but there is no legal grading system. The hygienic standard of co-operative dairies is high, especially the largest and most modern establishments in the town. The mountain creameries are smaller and more primitive, but adequate. There is no fixed selling price, and co-operative creameries compete with one another on the open market. Profits go to reserve, to a $4\frac{1}{2}$ per cent. interest on shares, and to a bonus on milk delivered to the society. Some dairies do a small requirements business and a fair number handle eggs.* A few sell milk direct to the consumers' co-operative societies under special agreements, which will be described later.

The details of three typical dairies may be given. The first represents the older type of manufacturing dairy, in a mountainous and more or less remote district; the others are of the newest type of dairy, supplying liquid milk.

Wallern.—The district lies fairly high up in the Bohemian Forest. Landholding is usually not more than 3 to 6 hectares (7 to 15 acres), though there are a few of 20 to 30 hectares. Four or five cows are usual. The Society was founded in 1912; membership 537, with 1,093 shares of 100 kč. each; one share per cow and one vote per share, from which it appears that

* There is only one independent egg and poultry society.

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many members have taken fewer shares than they have cows. The Society's machinery was purchased with a one-third value grant from the Ministry of Agriculture. The members are bound to deliver and the Society to accept all milk not wanted for domestic consumption. The delivery of milk for 1928 was 1,087,168 litres—an average of 4,000 litres daily in summer, and 3,500 in winter. The furthest member lives at a distance of 10 km. (6 miles). All bring in their own milk. There is a branch handling 500 litres. Of the local farmers, 80 per cent. are members. The price is fixed from week to week per litre of milk, in accordance with the fat content and the market price of butter. The average price is 1.20 kč. per litre, and 30 hellers for butter fat. The greater part of the skim milk remains with the Society, and is made into cheese; but a certain amount is returned to the farm at 30 hellers per litre and fed to calves, pigs, etc., or used for home-made cheese. The Society sells a little fresh milk locally and makes some cheese, but its principal business is in pasteurising and butter-making. Butter is sold direct to shops, being sent by post or by train (quick trains exist, but no special rates). The selling price of milk is 1.80 kč. the litre. Butter is sold locally at 32 kč., and in towns at 30 kč., carriage extra. All payments except for small sales over the counter pass through the Raiffeisen bank. The creamery receives interest at 6½ per cent. on all money with the bank and pays interest at 7½ per cent. on all overdrafts. The maximum legal interest on shares is 4 per cent.; remaining profits, after providing for reserve, etc., go in bonus in proportion to payments for milk.

Hradec Kralové.—The Society was founded three years ago, has 400 members, amounting to half the local farmers, and controls one-third of the local milk. It buys from farmers who either themselves deliver to the factory or have their milk fetched by lorry. The milk is pasteurised and sold to the municipality for schools, hospitals, etc., also to all co-operative consumers' societies, who have supported the dairy from the first, to the army and to private customers. There is one considerable competitor in the town. Some of the large farmers retail their own milk, and there are wholesale merchants.

Payment is on butter fat content and at a uniform rate throughout the year. Members contract to supply all their milk, and the Society agrees to take it. About one-quarter is sold bottled. Any surplus is made into butter and cheese. In June the butter and cheese making absorbs about one-seventh of the milk, but at other seasons none may be made. There is some difficulty in the sale of cheese, as it competes with the Moravian cheese formerly sold in Austria. The Society buys Dutch butter to make up

its orders and also carries on butter-blending and the manufacture of reconstituted cream and milk.

The Society is financed by shares—one share of 300 kč. for every three cows, and one vote for every three shares. The Municipality and the Agricultural Credit Bank are also shareholders, the total number of shares being 620,000. The Society has a paid-up capital of 800,000 kč. It also received a grant from the Ministry of Agriculture for building. The Society uses steam power, which is found to be cheaper than electricity (local co-operative supply) as the steam is also required for pasteurisation. Overhead charges are 700,000 kč. annually. No profit has yet been made, but business is improving.

Troja Dairy, Prague.—This dairy is situated in the city of Prague. It has 500 members and draws its supplies from a radius of 60 km. It handles an average of 32,000 litres (about 7,000 gallons) daily, which is delivered by rail, hired lorry, or farmers' carts. This total could be increased without rebuilding. Sales are mainly in liquid milk through the Dairy's own shops, to almost all public institutions, to retailers and wholesalers, but not to the consumers' co-operative movement. Members take one share of 200 kč. for every 5 litres of daily milk supply, sufficient shares being taken to cover total production. The share carries an obligation to supply the stipulated amount of milk, but in practice farmers sell the whole of their milk to the Society, and the Society is bound to accept it. Milk is paid for on the weekly market price plus percentage for butter fat content. Butter and cheese are only made from surplus milk. Skim milk is made into cheese or returned to the farmers for pigs. Every three shares carry one vote, with a maximum of thirty. Members are half large and half small farmers. The Dairy manufactures its own electric power by steam.

One or two other dairies have some feature of special interest. That at Bohusovici receives special support from the Ministry of Agriculture, and in return acts as a model for educational purposes, receives visiting students, conducts experiments, keeps special accounts, etc. It is attempting to solve the skim-milk problem by keeping 300 pigs, which has proved a profitable venture. Another society has taken over a private dairy and proposes to instal plant for the manufacture of casein. In another case the initiative in the formation of a dairy society came from the

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existing co-operative potato centre, which has put part of its premises at the disposal of the dairy. In another the formation of a dairy in 1903 has beneficially changed the whole character of agriculture in the neighbourhood. Originally a grain-growing district, although situated too high for the purpose, it has now become an area of pasture and forage crops, while the co-operative introduction of threshing-machines has freed the cows from the labour of threshing and improved their milking qualities.

The establishment of State dairy schools has accompanied co-operative development, and many girls train for a year in butter and cheese making. They are nearly all peasant girls, who return to their homes after the course. Few take up posts, either in the co-operative movement or private dairies.

Milk recording is only just beginning to be undertaken, and that by the State, not by co-operative societies. Certain farms are selected, and officials appointed to visit farms and inspect records which are kept by the farmers. Both yield and quality are recorded.

Closely linked with the problems of dairying are those of cattle breeding, cattle insurance, and the disposal of meat. This is admittedly one of the departments of agricultural business in which co-operation has for a variety of reasons made the least progress. Cattle insurance companies have existed since about 1870, and have served the farmer well enough to leave him with little disposition to start independent organisations. A National Insurance Institute for Cattle has existed for some time in Moravia. In 1910 a Bohemian Peasants' Insurance Union was formed to federate existing local mutual cattle insurance societies and take over 50 per cent. of their risk. It received State support and flourished before the war, but during and after the war its membership declined, and it seems to have done little of im-

portance. Co-operative insurance of livestock now mainly takes the form of insurance of animals which pass through the hands of a society with some other primary purpose.

Co-operative handling of cattle is organised on three main lines—breeding societies, where the co-operative owns one or more pedigree bulls; pasture societies, where a co-operative meadow is rented and placed at the disposal of members' stock at a fixed fee; and slaughterhouses, which may or may not have retail departments or other means of disposing of their produce. Some of the breeding societies also hold shows, markets, and sales of pedigree stock. All these developments are making progress, and have had local successes, though none are as yet extensive.

In the years immediately after the war—a time of falling prices which threatened the few existing co-operative societies—cattle dealing and meat selling in Bohemia was largely in the hands of the Czech Agricultural Company for Meat Products in Prague, a non-co-operative body and one of five important agricultural cattle and meat organisations. These are farmer-owned and controlled, and are more or less democratic, being based on district organisations. They did excellent work for the improvement of breeds and the replacement of herds after the losses of the war. In Moravia and Silesia a few cattle breeding and meat co-operative societies existed which did good work, and some attention was paid to pig breeding in Silesia. Pasture societies also existed, especially in Moravia and the Bohemian mountains. In the latter district a small group of societies has existed for some time, owning between them over 300 acres of pasture, accommodating some 400 head of cattle, mostly young stock.

Today, 1929, there are in all 195 societies in the Republic concerned with animal production, of which rather more than half are breeding societies and the majority of the rest pastures.

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In breeding societies, shares are usually taken up in proportion to the number of cattle and sometimes other animals owned. Liability is limited to a multiple of the shareholding, and each member has one vote only. A paid manager is appointed who has charge of the breeding stock. In the case of selling or slaughtering societies all members are bound to supply all their fat stock to the societies, and to buy their meat from it. Profits go to reserve in the first instance, and are afterwards dealt with at the discretion of the general meeting.

The co-operative slaughterhouse at Auschowitz (Bohemia) may serve as an example of its type. It is situated in a large agricultural village in the neighbourhood of Marienbad, where hotels and restaurants represent a considerable demand for meat. The Society existed for three years as a bargaining organisation only, and attempted to sell live cattle to butchers. It met with little success, and in the spring of 1929 the Society set up its own small slaughterhouse and butcher's shop, from which most of its sales are made, the remainder going to hotels and shops. The Society is now thinking of selling direct to consumers' co-operative organisations. Capital was contributed half as loan capital from the credit bank and half as share capital, at the rate of 50 kč. (6s. 3d.) per head of cattle. It is now proposed to raise the shareholding to 100 kč., as the cost of renovating and equipping the building has been high. The Society has sixty-two members, and takes no animals from non-members. It employs two men as butcher and salesman. The clerical work and accounting is done voluntarily. On an average the Society deals with 2 cows, 3 pigs, and 2 calves weekly. In the first three months of its existence it covered costs and made a profit.

The co-operative society at Haselhof, also in Bohemia, may be taken as an example of a pasture society. The Society owns 40 hectares of land (about 100 acres), on which the young cattle and other stock of members are pastured from spring to autumn. Each member holds as many shares as he wishes to pasture animals. He also makes an annual payment either per head of the animals actually grazing, or per kilogram of increased weight during the time they have been on the co-operative pasture. These contributions include insurance of the cattle. The Society appoints a manager, who receives a small salary, and also has his own farm and keeps a few animals on the pasture.

In Moravia co-operative cattle breeding has attained considerable importance. The district of Přerov was formerly celebrated for its herds, which were almost ruined during the war. A co-operative federation of cattle breeders was formed to retrieve the position. The Territorial Research Institute collaborates in its technical work. It holds exhibitions and markets with sections for cattle, horses, and pigs. At Příklad another society exists which deals with the Berne-Hanna breed of cattle. At Unerázka the Pasture Society holds cattle shows, and works in close connection with the district Zootechnical Control, of which all cattle breeders are members. In Silesia a co-operative society for animal production controls about 1,800 acres, acquired partly on the break-up of the big estates, and uses it for cattle breeding, milk production, and breeding and fattening pigs. Another breeding society rents pastures for its own herds, and also throws them open to the cattle of members on payment of a daily toll of 3 kč. (4½d.) per head. A number of new pasture societies are being started in Slovakia and Sub-Carpathian Russia, and the Ministry of Agriculture is working with the breeding societies and agricultural councils for their promotion.

In the meantime, attempts are being made to establish suitable central organisations. The cattle breeding organisations have formed four provincial meat companies, the most important being those at Prague and Brno. The Prague organisation, known as "Zemka," was formed in 1923 as a limited liability company, the shareholders being the Central Union of Agricultural Co-operative Societies in Prague, the Czech section of the Council of Agriculture, the District Federations of Cattle Breeders, the Commercial Centre of the Co-operative Dairy Societies, and the Federation of Societies for Cattle Insurance. The foundation capital amounted to 3,000,000 kč. (£18,400), of which a considerable proportion was contributed by the Central Co-operative

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Union. For the first few years it did little in the sale of meat owing to the pressure of foreign competition, but it undertook the purchase and sale of breeding and draft animals, which it has steadily increased. On the removal of foreign competition it also took up the purchase of fat stock on commission from farmers. It owns no slaughterhouses, but arranges for the killing of its purchases at the public slaughterhouse, afterwards selling them to the trade or passing them on to its meat department, which buys at a firm price. The farmers are not direct members of the Society, and do not receive any bonus on their sales. Cattle and pigs are received from all parts of Czechoslovakia; sheep are scarcely ever handled, as they are a rarity in the country. Zemka owns three factories, at which hams, sausages, and other forms of preserved meat are produced. In 1927 these factories used 2,819,512 kg. of meat. A retail shop is attached to each factory, and the Zemka owns in addition seven shops in Prague and five in the Provinces. It also sells through private shops acting as its agents. The Meat Federation in Brno works on somewhat similar lines, and in 1927 sold home meat to the value of 13,400,000 kč. and foreign meat to the value of 3,700,000 kč., together with by-products.

The German Central Union in Prague has been occupied for some time in promoting the co-operative sale of cattle, both alive at markets, which is a comparatively new development in the country, and through slaughterhouses. Special attention has been paid to supplying the industrial area in Northern and North-Western Bohemia. A special section was set up to initiate and control schemes for dealing with animal produce, and in 1927 the cattle breeding co-operative societies, the Central Union, and other central agricultural bodies, set up a Central Union for the sale of cattle and meat in Prague, which has begun work on similar lines to the Zemka.

V.—INDUSTRIAL CROPS

A considerable portion of the marketable surplus from Czechoslovak agriculture consists of industrial crops, which in some districts present almost the only source of ready money to the peasant. The business of manufacturing these crops, at least as regards the first stages, is usually carried on locally, and is one in which the peasants' interests are closely involved. This, and the fact that in several cases it does not require to be heavily capitalised, has led to some remarkable co-operative developments, particularly as regards chicory and potatoes.

Chicory.

Czechoslovakia is, with Holland, Germany, France, and Belgium, one of the main producers of chicory. The crop is an important one, especially in the Upper Elbe Valley, in Bohemia, where it has been grown for the past eighty years. It is used for the manufacture of coffee substitute, the roots being first sliced, then dried in kilns, constructed on somewhat similar principles to those used for smoking bacon, later roasted, and finally milled to a fine, dark powder. At first a few private individuals erected kilns and sold the semi-raw product to the roasting and milling works. About 1900 a great increase in production took place, as, owing to the low prices paid by the sugar trade for beetroot, many farmers deliberately abandoned its cultivation for that of chicory. This had a marked effect on the beetroot factories in the Elbe Valley, some of which even closed down. At the same time the growers began to build their own kilns, and before long controlled two-thirds of the production of what is now Czechoslovakia, and at that time of the whole of Austria-Hungary. They linked themselves in the "Union of Chicory Kilns" at Prague, which under-

took all sales of the product and also procured seeds for the growers. Towards the end of the war the individual kilns, the unions, and the Central Co-operative Union formed a joint company with the foundation capital of 3,000,000 Kč., and a roasting factory was established at Hradec Kralové, after experiment in the production of coffee had been carried on at one of the kilns. It started business with the produce of the co-operative kilns at its disposal and good connections abroad for the sale of the product.

Today there are thirty-four co-operative kilns and two roasting factories. In 1920 the same number of kilns had 5,000 members, and handled 564,323 quintals of the raw material or 60 per cent. of the total crop. They had at this time 4,700,000 Kč. share capital, 2,700,000 Kč. reserves, and premises valued at 6,200,000 Kč. The proportion of chicory co-operatively handled has increased since that time to 70 per cent., but no other recent figures are available. There are, in addition, a number of private kilns, all small, and some attached to roasting factories. The roasting factories are still fairly numerous, a few being the property of the consumers' co-operative movement.

The largest local kiln is that at Praskačka, with twenty furnaces. Members take up shares at 300 Kč., each share carrying with it the obligation to supply 100 quintals of chicory, unless a failure of the crop can be proved. Voting is in proportion to shares. A proportion of the value of the product is paid on delivery at the kiln, and the rest after its sale. Non-members may also sell to the kiln, but receive lower rates, the present proportions being 35 Kč. per quintal to members and 30 Kč. to non-members. During the war the difference was much greater. After the chicory is sold, 5 per cent. interest on share capital is paid, and the remaining receipts divided in proportion to the chicory delivered. The kiln deals with about 300 truckloads of

green chicory yearly. Work is necessarily of a seasonal character. Loan capital is provided by the local credit bank.

The central factory at Hradec Kralové was built in 1918, and is highly mechanised, hand-labour being almost entirely eliminated. It receives the semi-raw product from its member societies, advancing 70 to 80 per cent. of the value. The chicory is pooled, and on sale all profits are distributed equally amongst the member societies in proportion to the amount delivered without distinction of quality. The turnover varies in value with the seasons—between 9 and 12 million kč., and amounts to 70 per cent. of the total crop. The factory also manufactures "corn-coffee" from roasted rye. It does its own printing, carton making, and carpentry. A good deal of the coffee substitute produced is exported. The Consumers' Co-operative Wholesale also has its own roasting factory, and competes for the produce of the co-operative kilns.

Potatoes.

In certain districts in Czechoslovakia the potato is a fresh vegetable; in others, and to a considerably larger extent, it is an industrial crop, destined for the distillery or the starch factory. Cultivation for this purpose takes place chiefly in the hilly country on the frontier between Bohemia and Moravia, at an elevation of over 1,500 feet above sea-level, and forms the principal support of the peasants, and the only basis for economic advance. It is also carried on in Slovakia. Formerly, the greater number of the distilleries engaged in the production of alcohol from potatoes (of which there were about 800, over half being in Slovakia) belonged to the great estates. Just before the war a few co-operative distilleries were formed, and immediately passed through a period of considerable difficulty owing to the shortage of coal and the requisitioning of potatoes for human consumption.

An organisation of potato growers had existed at Nemecky Brod, the centre of the producing area, since 1908, which after the war converted itself into an educational and commercial federation for the whole Republic, also undertaking the sale of plants and seeds of other crops, and establishing several experiment stations. Since the war and the initiation of the land reform, distilleries have passed in increasing numbers from the hands of former great landlords to those of co-operative societies, who have all in turn affiliated to the Federation. Considerable reconstruction has been undertaken under the guidance of the Federation, which exercises technical control, and with the assistance of the State. An "economic fund" has also been established for the extension of the work of co-operative distilleries and the inclusion of all connected enterprises. Funds have been forthcoming in some instances for the liquidation of war losses.

Co-operative distilleries in 1928 numbered 274,* of which nearly five-sixths were in Bohemia and Moravia. They dealt with the produce of 215,743 hectares (517,783 acres), and the production quota assigned to them was 232,509 hectolitres, or 54 per cent. of the total permitted to agricultural distilleries. They had a membership of 14,641, or an average of fifty-three per society. Members are usually obliged to contribute one share of 500 kč. (£3) for every 3 hectares (7 acres), and to deliver 10 quintals of potatoes per hectare. The distillery manufactures the raw spirit and sells it to the alcohol monopoly (which will shortly be described); the by-product it either sells or gives back to its members, by whom it is used as feeding-stuff for cattle. One of the gains of the transference of land and distilleries from private to co-operative hands has been that whereas under the old system only one cow was to be found for every acre of land supplying to a

* They appear to have slightly increased in numbers in the course of the present year.

distillery, there are now two. In one case the distillery produces, besides raw spirit, spirituous liquors, syrups, mineral waters, and motor spirit, but this is unusual. When insufficient potatoes are forthcoming the distilleries sometimes make up their quota by distilling from maize or other substances.

The entire sale of alcohol in Czechoslovakia passes through the hands of the Society for the Purchase and Sale of Alcohol, a monopoly composed to the extent of 72 per cent. of agricultural distilleries manufacturing raw spirit, and 28 per cent. of refineries and industrial distilleries manufacturing from molasses and the by-products of industrial processes, such as cellulose. The agricultural distilleries number about 900, of which roughly 300 are co-operative, and produce rather over half the output. All these interests receive proportionate representation on the board. The output of alcohol is controlled by the Government, which each year authorises a certain production of spirit in proportion to the acreage under potatoes. This total is then allocated amongst the various factories, the agricultural distilleries, both co-operative and private, receiving a certain preference as the promotion of potato cultivation is considered socially desirable. The Government levies an excise duty on the raw spirit and fixes the price at which the finished product may be sold for export and home consumption, also for industrial purposes. These prices are worked out on a complicated system which allows industrial alcohol to be sold at a rate actually below cost price, while the price of spirituous liquor is greatly enhanced. The export price is also lower than the price on the home market, where by far the largest proportion of the alcohol is sold. The monopoly buys the raw spirit from the distilleries at a price fixed by itself (in 1929, 500 kč. per litre to the agricultural distilleries), passes it on to the refineries to be refined at a fixed charge (60 kč. per litre in 1929), and then resells it at the Government scale of prices.

The factory payment for the product of the industrial distilleries was 375 kč. per litre in 1929. The difference between cost price and selling price of spirituous liquor is very large, covering as it does the excise duty and the deficit on export and industrial alcohol. The monopoly makes no profits, but merely fixes prices in such a way as to cover the expense of its services. It would appear that the virtual subsidy to industrial alcohol is intended to develop markets of this type with a view to the probable spread of temperance, if not of prohibition.

Contemporary with the development of distilleries (and sometimes linked with them) has taken place a certain progress in the organisation of starch factories, which are valuable as alternative outlets for potatoes. On the whole, however, they are less numerous and powerful than the distilleries, and are more severely outnumbered by the private factories. After the war, the Potato Federation at Nemecky Brod took over two of the private factories for starch and its derivatives, which had hitherto dominated prices. These factories, "Dextra" and "Amylon" (the latter using 1,500 waggons of potatoes annually), have since been organised on a co-operative basis, and regular annual price agreements have been concluded between all starch factories and the growers. The growers, both individuals and their societies, have acquired interest in other starch and dextrine factories, and have thus considerable influence over the potato industry. In 1928 there were sixteen co-operative starch factories, three for potato syrup, two for dextrine, and two for potato drying, one of which also undertook beetroot drying.

Sugar.

Co-operation has little or no hold over the important Czech industry of beet-sugar production. At the time when sugar factories were first established, the co-operative method was

unknown in the country. Some thirty-two joint stock sugar companies were started by farmers between 1860 and 1880, which still exist, and whose shareholders are mainly farmers. The shares are in proportion to acreage, and the shareholders are under contract to deliver their crop to the factory, but the undertakings cannot be described as co-operative, nor are they particularly important. In Moravia a few co-operative societies were formed after the war to start, or more frequently take over, a sugar factory; but even in these cases profits are all distributed on shares, not on deliveries of beet. The great majority of factories, which number some hundreds, are privately owned, well organised, and highly capitalised. The farmers have, however, professional organisations of beet growers to which they all belong, and which control the sale of the entire beet crop to the factories, much as the National Farmers' Union in England controls the sale of milk, but apparently with more satisfactory results. The by-products, used for cattle feeding, are also received back through these organisations. These professional organisations are members of the co-operative unions, and are generally recognised by the sugar factories. On one occasion before the war they were strong enough to organise a "strike" against the sugar factories, when production was temporarily cut down by a third.

Brewing and Malting.

A couple of co-operative breweries exist, but in general the trade is in the hands either of ancient brewing corporations or of large-scale modern industries like those of Plzen or Brno. In the main the only co-operative influence on the trade is through the warehouses selling malting barley. A professional organisation of hop growers exists, but plays no commercial part.

A group of co-operative malthouses exporting their own produce exists in Moravia, and forms part of a federation of

agricultural malthouses numbering about thirty, some of which are on joint stock lines, with farmer members. They produce about 3,000 truckloads of malt annually. The pioneer malthouse of this group was built at Přikazy in 1872, and was so dear to the heart of its founder that it is recorded that he was in the habit of getting up at night and going to the other end of the village to see that all was going well with his creation.

Flax.

Flax culture was formerly of considerable importance in the Czechoslovak territories, and covered some 65,000 hectares (about 150,000 acres), but it is now reduced to one-third its former extent. Of the textile industry of the former Austrian Empire, 95 per cent. is now in Czechoslovakia, and it has a consumption of prepared flax amounting to 450,000 quintals, only 130,000 quintals of which is produced at home. Cheap Russian flax is the principal competitor. Some form of Government encouragement has been suggested, as flax growing is well adapted to the poor mountain districts, where other industrial crops cannot be produced. It also provides a winter occupation for the people. Nothing has as yet been done in this direction, though the prolonged world sugar crisis and consequent decline in profits on beet cultivation is stimulating enquiry.

Several flax-dressing societies existed before the war, but have been hampered by rising labour costs and the necessity of acquiring expensive machinery. At present there are sixteen districts in which flax is grown, about sixty private flax-dressing undertakings, and forty-six co-operative societies, mostly in Bohemia, affiliated to the Central Federation of Flax Growers, which has been formed with the help of the Councils of Agriculture. Their future is held to depend on whether flax growing in general can once more be made profitable. One or two co-operative weaving societies exist.

Fruit and Vegetables.

Industrial crops do not, generally speaking, include fruit and vegetables, but, as in Czechoslovakia, such co-operative developments as have taken place in the handling of these commodities are almost entirely in tinning, pickling, and other forms of processing, it will be convenient to consider them in the same section.

It is calculated that there are about 52 million fruit trees in the Republic, the bulk of them on the former large estates. Others are owned by small farmers or by the communes, who plant them along the roadsides. Some of the smallest properties have fruit as their main interest, but this is not usual. In Slovakia some of the farms are as much as two-thirds devoted to fruit. The produce amounts to a total of 106,000 waggons, of which 3,000 to 5,000 are exported. Apples from Sub-Carpathian Russia go to Germany and England. Plums are made into a form of alcoholic drink. The usual practice is to sell all fruit on the tree even before it has flowered, the buyers being dealers or the representatives of manufacturing or exporting firms. Czechoslovakia is also an importer of fruit, for, as a rule, home-grown fruit is of indifferent quality and appearance, and does not sell well for dessert purposes. No special railway facilities exist for moving fruit. Non-returnable packings are generally used, but there is a marked difference between packed and loose rates. Fruit-growing as a business is concentrated in North Bohemia, where there are one or two co-operative organisations. That at Aussig has a good record of many years' loyal membership and business progress; it exports apples and pears on a large scale, and also runs nurseries for its members. The marketing society "Elbtal" sells fruit to a private jam factory. At the juncture of the Elbe and the Vltava there is a fruit and vegetable school and a co-operative society selling fresh fruit for export and to private

shops. Apples are sold co-operatively in considerable quantities in Silesia, especially by the commercial branch of the Polish Union. The objects of a fruit society usually include not only the sale and processing of members' fruit, but also the sale of horticultural requirements, educational work, lectures, the sale of pamphlets, etc., and the establishment of nurseries. Shareholding bears no relationship to acreage under fruit or any similar determinant, and each member has usually only one vote. Members are pledged to deliver to the society all fruit not consumed at home.

One of the most successful societies dealing with fruit is the preserving and canning factory at Kostelec. The district is not a typical fruit area, and the success of the Society would appear to be due to organisation rather than natural advantages. It was started in 1902 and has now 480 farmer members. The share capital is 640,000 kč. in 200 kč. shares. Most of the members are general farmers with only a small quantity of fruit, most of it of rather indifferent quality. The Society receives fruit in season, dries part and occupies the rest of the year in canning, jam making, and the manufacture of fruit wines. It employs about eighty workers in the season and twenty at other times. To a certain extent it exchanges workers with a flour mill also owned by the Society, but women's labour is difficult to get. The Society has five or six shops where its products are sold, and also sells to merchants. The Society only takes the surplus of fruit not required for eating. Fresh fruit is sold by the farmers individually, but it is not a very important product financially. The original factory was leased, but a modern building and plant were set up in 1917, when the farmers were in a position to contribute capital freely. The factory makes its own tins. It has a nursery for young trees and is trying to improve the quality of fruit.

A certain number of other co-operative nurseries and experiment stations exist, as for instance in Moravia, where the Co-operative Federation for Vegetable Improvement acts as a centre for the whole Republic. It has 1,600 members. It is largely occupied with the improvement of Hanak barley and has succeeded in securing the cultivation of a standard variety throughout the 70 Hanak communes, but it is also interested in vegetable seeds and works in close collaboration with the Territorial Research Institute for the improvement of vegetables, experimenting in the production of all kinds of cereals, fodder crops, ornamental plants, etc., and also works with the local co-operative cattle breeding association. Modritz in Moravia is the centre of the pickled-cabbage industry. A co-operative society was formed in 1902 owing to a local difficulty in finding markets. It gradually extended its operations to pickled cucumbers and other vegetables. It reached a peak of success during the war, but has since suffered from competition and loss of markets; it has now practically regained its position and deals with 150 truckloads of cabbages annually. The German Union of Moravia started a fruit and vegetable section during the war under the stimulus of Government buying. The Czech Union of Bohemia provides consultative and organising services for fruit societies, but no central commercial organisation for the sale of fruit or vegetables exists in the Republic. Tested seeds are supplied by Kooperativa. A few market gardening and viticultural societies exist in different parts of the country. In Slovakia the largest society, "Fruters," in Bratislava, is principally concerned with the sale of walnuts.

Potatoes are sold to a considerable extent by the grain warehouses or other societies. The Hradec Kralové coffee factory, for instance, buys new potatoes from its members at the day's price, paying them in two days' time. One or two societies exist whose main business is the exporting of new potatoes, and

the Potato Union organises sales centrally, though the actual goods go direct from producer to purchaser without passing through any central warehouse. It is worth noting that at the first sales of uncontrolled potatoes after the war, 6,000 truckloads were sold through the co-operative movement as against 1,000 through private merchants. One of the leading potato societies is that at Lysa on the Elbe, which acts as a centre for the Potato Union of all societies interested in the product. The Society deals principally with the export of new potatoes, which are ready about the middle of June. It neither buys nor sells on commission. About 30 per cent. of the potatoes go direct to consumers' co-operative societies, but the Society wants to have its own shops. It also aspires to a jam and pickle factory, especially for cucumbers, but this does not appear to be an immediate probability. The Society owns a model farm (part of one of the former great estates) which is used as a nursery and experiment station, attention being concentrated on early varieties and new crops such as flax, potherbs, etc. Tested seeds are sold and varieties imported from Holland and elsewhere. The Society also has a grain warehouse and a brickworks.

VI.—ELECTRICITY AND MACHINES

Co-operation has been the principal agent in the mechanisation of agriculture, a process which has reached a remarkable development for a country of relatively small peasant holdings. Electrical co-operation, however, has played an equally striking part in spreading the use of electric light for domestic purposes, a service usually performed in England by local authorities or private companies, and in rural areas generally not performed at all.

Co-operative production of electricity began in the early years of this century when a few societies owning water mills were enterprising enough to instal beside them a small hydraulic generating plant. Several of these sprang up along the course of the River Morava, in Moravia, and one or two elsewhere. Sometimes the object was to supply a co-operative factory other than a mill, and in such cases no public distribution of current was undertaken. More often the society at once proposed to supply the domestic and industrial requirements of the neighbourhood. One such society starting with a hydraulic installation of 120 h.p. secured the affiliation of nine villages in the first year of its existence, and subsequently increased its scope to thirty-two villages, two sugar factories, four railway stations, two mills, a malthouse, a sawmill, four co-operative dairies, and some co-operative threshing societies. Some of these villages became the best-lit rural areas in Central Europe. Even where the scope of societies was limited, they provided valuable demonstrations of the uses of electricity in agriculture, rural industry, and the household, and encouraged a demand for its wider distribution. Co-operators began to contemplate schemes of large-scale supply extending to whole Provinces.

Organisation was carried a step further in the Elbe Valley at Hradec Kralové (Königgrätz). Here the point of departure had been similar—namely, the foundation of a co-operative pickled-cabbage factory in 1906. A small generator was installed for the use of the factory and the neighbouring peasants. It was the first of its kind in rural Bohemia. In 1910 the town of Hradec Kralové decided to construct a large power station on the Elbe in order to light the town. The founder and leading personality of the co-operative society, an enterprising peasant, thereupon organised seventeen neighbouring villages into societies of consumers of electrical current which joined with the district

authorities and the town of Hradec Kralové to form the Electrical Federation of Eastern Bohemia. A power station was built, and before the war the Federation was already supplying five districts. After the war it merged with the power station at Poriči, forming a joint limited company under the presidency of the co-operative pioneer, with headquarters at Hradec Kralové and a capital of 45,000,000 Kč. It now supplies the whole of North-Eastern Bohemia; it has its own power stations at Spalov and Poriči, besides three stations which it rents and twenty-six independent stations from which it derives supplies of current. It owns 840 transforming stations and 933 transformers, with a capacity of 48,569 kw. During 1926 it sold 42,170,000 kwh. By the end of 1927 the company was serving an area of 5,396 square kilometres with primary lines 1,600 km. long, supplying 323 villages, fifty-four hamlets, and a population of three-quarters of a million. Subsidiary co-operative societies—societies of the consumers of current—number 335 and are the dominant influence in the joint company. In form the undertaking is a commercial company, but it is claimed that it has remained co-operative in spirit and democratic in structure.

While Hradec Kralové was still on the way to these achievements, the rest of the country was not standing still. Lack of coal and other illuminating agents during the war stimulated interest in electricity, but lack of cables immediately afterwards held up practical developments. This, however, was a passing obstacle, and progress became increasingly rapid, sometimes through co-operation alone, often with the collaboration of the Provincial and District authorities. The local authorities rarely had the funds at their disposal to undertake electrical supply themselves, and here co-operative societies stepped in; the co-operative method was urged as superior in itself, as the supply is controlled only by those who are actually interested in its use

and who therefore take their responsibilities seriously and show an intelligent interest in the management.

Local co-operative societies for the production of current, although they furnish some striking examples, are on the whole exceptional, principally owing to the heavy capitalisation necessary, particularly in the case of hydraulic plant, but in some measure due to the comparative remoteness of electrical production from the individual small consumer, a circumstance which makes democratic control difficult.

The more usual type of local society is one formed by all the inhabitants of a village who propose to use electric current. No non-members are supplied. Shares are contributed in proportion to income, land holding, or to proposed use of current, and are such as to cover costs of construction. Both individual and corporate members are admitted, and it is pointed out that a society will have much more chance of a prosperous career if it can include among its members any local industrial undertakings which will use current during the day. As far as possible capital is obtained from shares, but loans at long term are sometimes necessary. These tend to be derived from sources other than the credit banks, which are better adapted to short-term borrowing. Liability is a multiple of the share, and each member has one vote. The society, once formed, secures the erection of transforming stations and local lines, members being pledged to permit the planting of masts on their land. It also provides for installations in members' houses and premises at a fixed fee (which is increased for those not adhering from the outset) and the supply of fittings and machinery on hire, and it gives instructions in their use.

The society is then ready to obtain current from whatever source—co-operative, municipal, or private—is most cheap and convenient, and arrange for its transmission to members at a

fixed price. Each member pledges himself to a certain annual consumption and pays a fine if he fails to reach it. Out of profit made on the year's business at least 25 per cent. is paid to reserve, and until this fund has reached 20 per cent. of the share capital no interest is paid on capital.

The next step is the grouping of local societies in federations, a movement which has been hastened and facilitated by the action of the State. In 1919, with a view to promoting the systematic electrification of the country, an ordinance was issued providing for the formation of public utility companies on a basis of limited liability, whose object should be the provision of electric current to the area—usually ten to thirty administrative districts—which they proposed to cover. The public utility companies might erect their own power stations or purchase current from private firms. Alternatively, the Government and the local authorities were empowered to provide funds for the erection of power stations to be rented by the companies. The Government of the Republic, the provincial governments, and some thirty districts contributed their support to the construction of large generating stations with steam or water power. The interest of the State stops short with the erection of power stations; the assistance of the district usually takes the form of financing, without interest, the erection of secondary lines for transmission of current at high tension. The public utility companies are also afforded legal facilities, the use of State lands, and the right to acquire private land compulsorily. They are further exempted from all tax on profits, provided that their interest on shares is not higher than 4 per cent.

The public utility companies are formed partly by communes, but very largely by electrical co-operative societies; to a certain extent private capital has also been invested in them. Control is proportionate to financial interest, and at the outset the State,

as the provider of 60 per cent. of the capital, had a preponderant interest; this, however, has been superseded by the Provinces and districts, and the formation and adhesion of local co-operative societies, with a mainly peasant membership, is further changing the balance of power. The method is for the local society to pay the public utility company a sum covering all or part of the cost of local construction and installation, a portion of which payment is credited to the society as share capital. The public utility company then constructs the low-tension primary lines and the household installations, the local society naturally influencing the programme of construction in its own area. In the case of communes, local installation is sometimes compulsory, but co-operative societies only insist on the participation of their members. The price of current is fixed by the public utility companies in consultation with the State in such a way as to exactly cover costs, and is arrived at by dividing the cost of production and of primary and secondary transmission equally amongst the users. The price is uniform for each category of consumers, no matter what their geographical position may be. It is usually 3.50 kč. per kwh. for light, and 2 to 2.50 kč. per kwh. for power.

The State has continued to foster the movement towards electrification. In 1926 a subsidy of 10,000,000 kč. was voted to be expended annually for five years in grants to co-operative societies and agricultural communes covering 50 per cent., or in mountainous districts 75 per cent., of the costs of installation. Actually this grant was greatly overspent, some 60,000,000 kč. being distributed in the first three years. Even this was found to be insufficient, and in nearly 1,200 villages electrification work was held up for lack of funds, and appeals forwarded to the Ministry of Agriculture. In March, 1929, a further Act was passed, establishing a State Electrical Fund in the hands of the Ministry

of Public Works, to be used for loans at a low rate of interest to electrical undertakings providing current for purposes of public utility for constructing lines with a tension of 60,000 volts. It is proposed to distribute 200,000,000 kč. in this way between 1930 and 1945. A second Act creates a fund of 35,000,000 kč. for the electrification of rural districts between 1929 and 1933. These subsidies are likely to accelerate the already rapid growth of electrical co-operative societies. Another piece of legislation which is likely indirectly to foster co-operative rather than other forms of electrical development is that controlling the finances of local authorities. These authorities are henceforward prohibited from raising rates more than 200 per cent. above the basic level stipulated by law. This will leave very few instances in which local authorities can raise by rating the funds necessary for a scheme of electrical development. They will have to turn for capital to the prospective consumers of current who are in most cases already organised in a co-operative society.

An example of a very striking co-operative electrical society which undertakes both production and distribution of current and ranks as a public utility company, although on purely co-operative lines, is that at Draziče. The nucleus of this society was a mill beside which was built a small generating station on the Jisera, a river of moderate size, not very swift. The shareholders are all individual peasants, who pay an entrance fee of 600 kč. (£4) and a share of 400 kč. (£2 15s.). The initial capital was small, and at first the peasants hung back. The society passed through a time of crisis—in fact, the installation of electric plant was an effort to preserve the mill from ruin—but a promise of foreign capital aroused the peasants, and in six weeks a million kč. was subscribed locally in 100 kc. shares. Draziče station is one of several, most of them water power, with a total capacity of 7,000 h.p., serving 10 districts, 16 towns, 153 villages, and 23,000

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individuals. They form together a group of which Draziče is the headquarters, and during 1928 supplied 12 million kw. The Draziče group distributes over an area of 60×40 km. (about 38×25 miles), and has 430 kilometres of primary lines. In this area 224 villages are supplied with current from Draziče, and only 20 have not yet been touched.

The first installation consisted of two vertical turbines, to utilise the water of the Jisera, and an oil engine. The total capacity is now 3,200 kw. at a tension of 600 volts. The cost of production is 1 kč. (about 1½d.) per kw. There are two transformers of 300 h.p., each capable of distributing 4,000 kw. per hour.

In 1922 a steam generator was installed at a cost of 9,000,000 kč., and arrangements are just being completed to take a current of 22,000 volts from a generating station at Prague. This can be obtained under ordinary circumstances more cheaply than current can be produced locally, except when there is enough water in the Jisera to supply the entire demand, owing to the presence of cheap local coal in the Prague area. The Prague current is redistributed to villages at 1,010 volts. Four other power stations on the river were bought in 1926, at a cost of 18,500,000 kč., together with the electrical installations for three districts between Plzen and Prague. Each village has its transformer, which transmits the current to houses at 600 volts by means of three wires of 220 volts each. Current is differentiated for purposes of power and light at the consumer's house. Lamps, fittings, motors, etc., are obtained from the Central Co-operative Union. Land has recently been bought for the erection of a new hydraulic centre at Nové Benátky.

The Draziče Society supplies current to private and co-operative factories, but its principal customers are peasants. The average farm is of about 20 hectares (under 50 acres). The total installation costs are 1,200 kč. (£7 10s.), and the cost of current

3.60 kč. (5½d.) per kw. for light and 1.80 (2½d.) for power. In one village of 200 inhabitants there are forty motors. They are used by cobblers and similar village craftsmen. The average annual consumption is 150 kw. per year per inhabitant, but no separate figures are available for light and power, nor has the consumption of current for power per acre been calculated. No difficulty is experienced owing to the irregularity of farm demands. Co-operative electricity supply has no connection with the telephone service, which is usually worked with batteries.

Thus the whole scheme of electrification is carried out on a basis of public use, not private profit. The companies include most organisations supplying current direct to the public, only a small minority of which are in private hands, though many still derive current from private sources. They do not include private firms producing electricity for their own industrial use.

There are now twenty-two public utility companies, to a very large extent composed of co-operative societies, two-thirds of whose members are rural cultivators. In Bohemia there are nine co-operative federations affiliated to the Czech Central Union, each concentrated along a river or a section of a river, in order to take advantage of the water power. Steam is used principally where cheap coal is available, as in the neighbourhood of Prague. The total number of societies members of these federations is 867, with a membership of individuals between 40,000 and 50,000, and a share capital of over 36,000,000 kč., the largest single federation being that at Hradec Kralové, on the Elbe, with its 335 member societies.

The total number of local electrical societies in the Republic is over 1,300. Further up-to-date figures are lacking, but in 1925, when societies numbered about 1,000, there were in the whole electrical system of the country 272 independent power stations, and 143 connected with industrial undertakings. There

were 14,215 km. of lines, and a total output of 1,300,000,000 kw. per annum. The average consumption per inhabitant per annum was 96 kw. The consumption per user would naturally be higher. About 40 per cent. of current was used for light and 60 per cent. for power. The number of towns and villages supplied with electric current in 1929 was 6,400, with a population of 9,300,000, as against a quarter the number of villages and half the population at the close of the war. There are, however, 14,000 villages, mostly small, and many of them in Slovakia, which have still to be electrified. In Bohemia, Moravia, and Silesia electrification is nearing completion.

The central bodies responsible for electrification are the Ministry of Public Works, the Electrical Council, the Electro-technical and Machinery section of the Committee of Territorial Administration in Prague, and the Czech Co-operative Union of Bohemia, by which the electrical co-operative societies have been promoted and represented for many years. The German Union of Bohemia has a similar department. The Czech Co-operative Union, together with the Electrical Federation of Central Bohemia, bought, up to 1925, electro-technical material on behalf of the majority of electrical works in the Republic. Since 1925, when the Co-operative Unions ceased to trade, these two bodies have formed a joint company, which is one of the two organisations now entrusted with the purchase of electro-technical material. It is a commercial company, under the name of "Ves," which carries out electrical undertakings and acts as agent for electrical supplies. It does not manufacture materials or fittings. It is not a profit-making undertaking, but only exists to help the co-operative societies. In 1927 it began work in Slovakia in collaboration with the private company "Elektra." The Central Union carries out educational propaganda for the use of electricity, and it is worth noting that the peasant women are its most

valuable allies, the demand for electricity being usually first awakened in them. The manufacture of lamps is in the hands of a cartel. Appliances, as well as current, are standardised all over Czechoslovakia, except in cases of special requirements for factories, etc.

It is usual to group together electrical societies and societies for the joint use of machinery under the title of "Auxiliary Co-operatives." The classification seems to err on the side of philosophic subtlety, in view of the widely different scope of the two, but for convenience' sake it may be followed here.

The first machinery societies developed very rapidly with State help, but the method was found to be too inelastic, and some collapsed altogether. They were re-established on a basis of joint purchase and used by farmers for threshing machines, bruising mills, straw presses, chopping machines, electric motors, etc. Sometimes the loan of implements is carried on in connection with a credit society. In Moravia a few societies have been formed for the joint use of a weighbridge. Societies are usually formed with shares in proportion to acreage, plus an entrance fee and an annual subscription to cover repairs. Each member has one vote. Loan capital is obtained when needed. Machines are loaned out to members in turn at a fixed charge. Any member failing to make use of the Society's machines, especially threshing machines, is fined. Profits are distributed in 4 per cent. interest on shares, after an allocation to reserve, and are then used to reduce annual subscriptions or the rate at which machines are hired. In some cases the fees for hiring have been abolished altogether. No profit is distributed. Threshing societies suffered during the war from lack of coal and lubricants, but there has lately been a great increase in the number of societies, most of which are flourishing. They have reached a total of 115, the majority of them in Bohemia.

VII.—RELATIONS BETWEEN PRODUCERS AND CONSUMERS

The relations between co-operative production and co-operative consumption in Czechoslovakia resolves itself principally into the relations between producers' and consumers' co-operative organisations, though there are side issues which disturb the symmetry of this arrangement. As has been explained previously, the agricultural movement of Slovakia is largely a consumers' movement, agricultural supplies being secondary to domestic. Here and there in Bohemia and Moravia an agricultural society will also have a department selling domestic goods, while during the war the Central Union did a certain proportion of wholesale business in boots and clothing. These, however, are minor developments and are not encouraged by the Central Union, which believes in confining the co-operative programme to purely agricultural issues.

The pioneer societies of the consumers' movement in Czechoslovakia were formed even before those of the farmers, but nearly all came to an untimely end. The present movement dates from the nineties of last century, and is represented today by the Central Union of Czech Consumers' Co-operatives, the Central Union of German Consumers' Co-operatives, which includes a subsidiary Union of Polish Societies, and the Union of Co-operative Societies organised by the Czech Socialist Party. The latter organisation had some 250 member societies in 1925, including a number of miscellaneous organisations, industrial productive societies, and a certain number of agricultural societies among the poorer peasants, grouped in the Union of Small Cultivators. These resembled the usual type of agricultural society, but were not of great importance, the main work of the Union being urban.

The Central Union of Czech Consumers' Co-operatives was formed in 1908, when the law compelled co-operative societies

either to submit to Government audit or to create auditing unions of their own. In the following year a wholesale society was formed which is now the largest commercial enterprise in Czechoslovakia, and in 1920 a bank and insurance department were added. In 1925 the movement had a membership of 1,298 stores and 470,660 individuals, practically without exception urban workers, representing probably rather more than half the industrial population of the Republic. The sales of the wholesale in 1926 were 530,170,347 kč., of which a small proportion goes in exports and sales to public institutions. The total sales of the movement may be placed at about eight million kč. About 25 per cent. of the sales of the wholesale have passed through some form of processing in its own works, and these goods include a good deal of agricultural produce. The Society is one of the largest grain buyers in the country and owns several mills, those grinding flour having a capacity of 320 tons daily. The value of the annual produce of mills and bakeries is 87,932,862 kč.; of meat factories, 21,021,334 kč.; and of coffee substitute mills, 16,021,334 kč.—a total of about 125 millions for agricultural produce. The following figures in million kilograms also give some idea of the dependence of the consumers' movement on agriculture: milling and general agricultural produce, 55; sugar, 19; potatoes, 14; lard, 3; coffee and coffee substitute, 2. Milk and perishables are all bought by local societies locally, several societies having their own dairies, butcheries, etc. The bulk of this produce is undoubtedly home-grown, and a certain proportion comes from co-operative sources.

For some years past a "free committee" has existed on which the Centro-Co-operative, representing the agricultural societies, and the unions of consumers and industrial producers, all met. It was occupied principally with questions of co-operative legislation, taxation, relations with the State, etc.; but in 1928

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a further step was taken, partly in response to the resolutions on collaboration between producers and consumers passed at the World Economic Congress and the International Co-operative Congress at Stockholm. An agreement in the following terms was reached between the Kooperativa (the purchasing organisation of the agricultural societies) on the one hand, and the Czech Consumers' Wholesale on the other:

- (1) Each organisation will appoint a Committee of four members who shall settle all questions coming within the sphere of the agreement.
- (2) All questions which do not come within the executive power of both organisations are excluded from discussion.
- (3) The Committee shall examine all business operations which may be undertaken in common, especially the importation of cereals and feeding-stuffs.
- (4) The Central Co-operative Organisations bind themselves reciprocally to respect the trading relations with their members, and will exchange lists of the societies with which they transact business.
- (5) The Central Co-operative Trading Organisations bind themselves to purchase in common all products in which they deal, and to give preference to their own respective productions, provided the price and other conditions are the same. Lists of goods will be exchanged between the two organisations.
- (6) The two organisations will do all in their power that the whole trade, especially in agricultural products, shall be centralised in the Kooperativa, while the latter will establish a corresponding organisation in the principal distributive centres.
- (7) To facilitate reciprocal trading, each organisation becomes a member of the other.
- (8) The Joint Committee will settle all questions regarding the sale and utilisation of agricultural products and the possibility of speedy distribution.

- (9) The Joint Committee will also consider the rationalisation of their respective enterprises, and each of them will submit to the other an account of the goods produced and distributed. This common procedure will enable them to exercise a control over their own enterprises and over those of private firms. It will also help them to increase their knowledge in other branches of production.

The Committee is quite informal, holding its sessions as often as not by telephone. Its principal work so far has been to secure an agreed grain-buying policy which is put into effect by the two wholesales. The consumers' wholesale was able to do something towards steadying the market for the farmers' benefit by buying grain and reselling anything in excess of its own requirements, and, as a general principle, it buys from the Kooperativa in preference to other merchants when the price is equal. About 10 per cent. of its total supplies are purchased in this way, the remainder being bought in the corn exchange except for a certain proportion which comes direct from local farmers' societies to the mills of the wholesale. Offals are largely used by the consumers' societies themselves, but in some cases they are sold back to the farmers. There are no instances of farmers' supplying being carried out on a large scale, as it is by the English Co-operative Wholesale Society; neither do the local societies sell domestic goods to the farmers, thus setting up the sort of counter trade which is fairly common in England.

One or two similar instances of collaboration occur locally. One of the large agricultural milling societies in Moravia contracts for the sale of flour to co-operative bakeries, and has drawn up model contracts, which have been used for a large number of similar trading relations. A joint society of co-operative milk producers and consumers exists in Moravia. Half the capital was contributed by the producers' organisations, and the other

half jointly by consumers' co-operative societies and municipalities. The producers appoint five directors, and the consumers four; the chairman is a representative of the producers. In accordance with Czechoslovakian law and custom, a supervisory council is also appointed, in which the proportion of representation is reversed. The dairy can deal with 30,000 litres daily, though in 1925 consumption had not reached this point. The dairy also makes cheese, doubtless from surplus. Shareholders who are producers hand over their whole supply of milk to the dairy, and consumer shareholders agree to buy their entire requirements from it. Both the purchasing and the selling prices are fixed in accordance with market rates, with an addition for butter fat content. No remarkable decrease in price spread has occurred, the object of the Society having been rather to secure a regular market on the one hand, and good and regular supplies on the other.

An entirely different development, and one which may be regarded as eccentric to the usual scheme of producer-consumer relations, is the organisation by the Consumers' Union of agricultural land-owning, leasing, and cultivating societies. The English Co-operative Union in its earlier years frequently dallied with a similar idea, but little was done. The land reform in Czechoslovakia gave a chance of practical realisation to ideas of co-operative communities and the socialised cultivation of the land. The members of such societies were small peasants or more frequently former agricultural labourers. Their formation was somewhat slow owing to the difficulty of finance, and by the end of 1923 only 1,664 hectares had been allotted to such societies, and there was a considerable waiting list. In 1924 there were 158 societies, of which only eighteen owned their land, the remainder having taken out leases. Some of the estates were of fair size, one of 255 hectares (about 600 acres) supported forty

families of agricultural workers. Four complete communities held a total of 625 hectares, and a few years ago had a considerable livestock and were growing corn at a profit. The movement, however, has not been an unqualified success, and though it cannot be condemned as a failure, it must still be regarded as on its trial.

The German Union of Consumers' Societies, which includes Polish Silesia, was formerly a section of the Austrian movement, but at the separation it was forced to develop as an independent organisation with a wholesale of its own. It consists today of 173 societies with 240,000 members, representing nearly a million souls. The wholesale society had a turnover in 1928 of 300 million kč., and the total turnover of the movement may be estimated as something in the neighbourhood of 500 millions. About one-sixth of the produce sold by the wholesale comes from its own factories and mills, and is to a considerable extent agricultural in origin. The flour mills handled two million kilograms of flour during 1928; macaroni totalled 150,000 kg.; preserved vegetables, principally cucumbers, from South Moravia, 1,500,000 kg.; tomatoes, onions, and cabbages, 440,000 kg. Eggs were pickled to the number of a million and a half, and the Society also manufactures chicory and corn coffee, mustard, vinegar, and wine. It has a steam dairy and cheese factory, with a daily capacity of 3,000 litres, a bacon factory, and a distillery. Most of the raw materials are home-grown and obtained generally direct from the producers, though a certain amount of grain is imported; but it does not appear that any appreciable amount comes direct from a farmers' society. The only practical step towards organised interrelations which has so far been taken is a resolution passed at the Annual Meeting in 1928 welcoming the collaboration between producers and consumers in the Czech movement, and receiving as members of the German Wholesale Society both

the Kooperativa and the Czech Consumers' Union and Wholesale.

Connected with both the Czech and German consumers' movements are several productive industrial societies, including bakeries. There are also a number of successful building societies and, independent of any of the above, a group of "official" co-operative societies catering for a similar public to the Civil Service Supply Association in London, but on genuinely co-operative lines. None of these appear to have the slightest connection with the agricultural movement.

As will be seen, the links between the two movements are as yet tentative, although some conscious approaches have been made and a certain amount of very cautious goodwill exists. In some ways there are excellent grounds for a much wider development than could easily be obtained, for instance, in England. Imports of foodstuffs into Czechoslovakia are comparatively small, so that home buying must necessarily be the rule amongst managers of consumers' societies. Further, the establishment of central markets and the complication of distributive processes has not gone so far as in Great Britain. Both sides, moreover, are well organised, probably the best-organised concerns each in its own sphere, and if the agricultural group is somewhat the stronger, it has not attained to anything like the immense and apparently terrifying preponderance of the C.W.S. in English affairs. Further, the social purpose of co-operation is much more consciously maintained amongst the agricultural leaders than is usually the case in England, and regular sales to the consumers' societies find a place in their ideal scheme of social organisation.

It is true there has been a measure of "poaching," principally by the consumers' organisations, and a consumers' dairy or coffee factory may easily have estranged farmers with whose undertakings they competed. On the other hand, the whole class of

transactions represented by the C.W.S. sales to agricultural societies are in Czechoslovakia carried out by the agricultural wholesales. Thus any intertrading which develops is likely to pass in one direction only, unless, of course, the existing agricultural consumers' societies in Slovakia and elsewhere should at any time be handed over to the consumers' movement—a course for which there would appear to be many economic recommendations.

The real obstacles to progress seem to be three: the inevitable economic opposition of buyer and seller, which no amount of idealism can remove, though intelligence can do much to adjust; a curious, indeterminate, but very marked hostility and lack of comprehension between town and country; and a strong and perfectly open division of party politics. The urban co-operator is a social democrat, the peasant is a conservative, though of a brand of conservatism differing considerably from that professed in England. The worker wants no food taxes; the peasant wants higher duties on every imported product likely to compete with his own. The worker wants the resources of the State spent in social insurance; the peasant would earmark them for agricultural development. Party divisions tend more and more to run along the lines of professional cleavage, and political antagonisms find their speediest echoes in the economic sphere. It seems probable that, in spite of these obstacles, interrelations will continue to grow slowly, and that their future progress, like their past development, will be firmly based on economic facts and all the guarantees that a perfectly amiable and mutual suspicion can afford.

Co-operation and the Land Reform.

Co-operation and the land reform have touched at more than one point. In the most general sense the land reform has increased the responsibilities and opportunities of the co-operative movement by increasing peasant production and consumption.

Co-operation is also one of the main agencies to which the State looks for the spread of technical education tending to the best use of the newly transferred land. A co-operative society for the purchase and sale of land was founded in 1921 by the German co-operative movement, partly for the supply of credit, and partly to negotiate for the redistribution of land. The co-operative credit banks are amongst the institutions entitled to supply credit for the indemnity bank to the purchasers of land. Further, although the reform was made primarily in the interests of "private property and individual exploitation" it is possible for co-operative societies to own or rent land, forests, pastures, fishponds, water power, or agricultural industries. Membership is open to small peasants, former employees of the great estates, and labourers. Societies may be composed of consumers, but they must not trade with the produce of the land or take a higher profit than the usual interest on shares. Members of all societies must take personal and permanent interest in their society, and no profit arising from capital invested in the enterprise must be distributed except in interest on shares. All rules and schemes of operation must be submitted to the Land Office, which may grant credits up to 90 per cent. of the value of the land or 50 per cent. of the value of buildings. In some cases a further credit is advanced for working capital.

Up to 1928 co-operative societies had not acquired more than 2 per cent. of the arable land distributed (13,133 hectares—32,000 acres). In forty-two cases the residual estate passed into co-operative hands. Of the societies participating, 149 with 755,000 members took over agricultural industries, such as the distilleries already described, and with them a small amount of land (650 hectares). A similar small area has been taken over in scattered districts by 26 co-operative building societies of an agricultural character. There remain 140 co-operative societies

actually engaged in agricultural production, with 7,642 members owning 11,228 hectares of land. These include 48 pasture societies of the type already described, and 7 "arable" societies, amongst which are the residual estates which in some cases have been taken over by a co-operative society and run partly for profit and partly as model farms, experiment stations, and breeding centres for the neighbourhood. The members of both pasture and arable societies are usually small peasants, holding land of their own and joining in the society as an additional venture. Besides these there are 34 "collectives" with 4,257 hectares and 434 members, nearly all of them former employees of the great estates. They have received State credit of 25,700,000 Kč. for acquiring and exploiting their land, which they are attempting to do on communal lines. Some of these are under the care of the consumers, not the agricultural co-operative movement—a political rather than economic affiliation. The experiment is something new in the agriculture of Czechoslovakia, and it is felt that it has yet to prove itself. The remaining 51 co-operative land societies hold some 3,290 hectares and have 3,266 members, most of them agricultural labourers, but a few of them peasants with very small properties. One or two are run as "collectives," but most are similar in purpose and method to English allotment societies.

VIII.—CONCLUSIONS: CO-OPERATION AND SOCIETY

There were in 1928 just over ten thousand agricultural co-operative societies of all types, an increase of 55 per cent. since 1919. Membership figures are not available, but, by calculating from past statistics, membership may be assumed to be at least 750,000, which means, when dependents are reckoned, that rather over 60 per cent. of the agricultural population is connected with

a co-operative society. Regarded in another way, the figures show one co-operative society for 538 persons dependent upon agriculture or forestry for their livelihood. The geographical distribution of societies is fairly uniform and fairly complete; except perhaps in the eastern Provinces there can be few places where a co-operative society is not available for the peasant who wishes to become a member.

The position of the co-operative movement in the business of the country as a whole is more difficult to assess, and mere membership conveys little when it is impossible to say to what extent the member makes use of his society or the society accepts the support of non-members. Agricultural co-operative banking, though it possesses the second strongest single bank in the country, accounts for less than 10 per cent. of the total deposits confided to all banks. On the other hand, it receives 58 per cent. of the deposits made with the specifically agricultural banking institutions. Co-operative industry in chicory-drying covers 70 per cent. of the national output, agricultural distilling 54 per cent., and in the small flax trade 75 per cent. Grain and requirements are more difficult to state proportionally, because the two things are inextricably mixed. The total co-operative turnover is in value roughly twice the Czechoslovak export of grain and milling products, and about the same as the import; but such a statement conveys very little beyond a general idea of the importance of the trade. The co-operative movement handles no more than 4 per cent. of the country's total milk output, but some 60 per cent. of what passes through mechanically equipped dairies. Its influence on the sales of meat and fruit is small but growing. The sugar, brewing, and malting industries have always been in the main outside its scope. Hops it has failed to handle, for no very clear reason. Wine is not one of the principal products of Czechoslovak agriculture, but that too is in the main outside the

co-operative system. Egg-marketing and poultry-breeding have been organised co-operatively to a limited extent, and this is recognised as one of the fields awaiting cultivation. The present problem in Czechoslovakia, as elsewhere, is that an egg is an egg, and a graded egg is likewise an egg, and that until the product can be valued more highly, the peasant is not going to trouble himself with setting up marketing machinery. There is no co-operative wool-marketing because, generally speaking, there is no wool. In Sub-Carpathian Russia, where the clip is of some importance to the peasant, a pioneer society exists, but this is precisely the region where co-operative development is most backward.

Amongst small or local developments, a drainage society is on record, but most of the remaining miscellaneous activities of the agricultural movement are semi-industrial in character. They are divided into industries which the societies carry on for the benefit of their members, such as printing, and, more important, building, in which some twenty-five societies are engaged, brick and tile making, lime quarrying and burning, which may become almost capitalist concerns, selling to members and non-members alike; and industries which the members carry on for a livelihood and conduct co-operatively on the selling side. This group is represented by basket-making in Sub-Carpathian Russia and by weaving in Bohemia, where thirteen societies have been organised by the Central Union, which supplies cotton yarn and markets the product.

The rural consumers' societies are in a somewhat different category from any other owing to their predominantly domestic basis. They are not regarded with much favour by the co-operative authorities in Prague, principally on the ground that they are economically anomalous, but possibly also to some extent on account of their origin under Hungarian influence. Economically

it might appear that they would be much better provided for under the sheltering wing of the consumers' movement, as has been the fortune of similar societies in the remoter parts of Great Britain; but here political difficulties would intervene, and the conservative agricultural movement would doubtless look with apprehension on the possible creation of nests of social democrats throughout rural Slovakia.

Another department in which no great progress has been made is that of co-operative insurance. The insurance of livestock has already been dealt with, and it may be conjectured that a similar reason—the existence of satisfactory commercial insurance—has had something to do with the slow growth of other forms of co-operative insurance. More serious still has been the unwillingness of the peasants to insure themselves at all. Both the Czech and German Unions of Bohemia have sections for life insurance, insurance against risks of fire, hail, etc., and do a fair volume of business spread over a large number of small policies.

Of the constitution and activities of the twelve Central Unions, built up by the affiliation of shareholding societies as the societies are built up by their individual members, there is perhaps little more to say. Shares bear an agreed relation to membership and votes to shares, with an upward limit which prevents the domination of any one society. The Unions pursue their main functions of technical and financial supervision, and are themselves united in the "Centro-Co-operative," formed after the war, not without some difficulty, owing to the racial and linguistic barriers between its members. The Centro-Co-operative, too, exercises certain rights of supervision over the affiliated unions and commercial centres; it is officially recognised by the State; it is concerned with questions of legislation and administration; it represents and defends co-operative interests. It represents Czechoslovakia on international bodies, the International Labour Office, the International

Institute, and the International Commission of Agriculture, and maintains intercourse with other national co-operative bodies.

One aspect of co-operative activity has so far been scarcely mentioned, and that is its educational programme. In 1919 the Czech Central Union of Bohemia opened an Agricultural Co-operative School in Prague with the support of the Ministry of Agriculture. Its purpose was the training of co-operative managers and office-bearers. For the former a course of one year is arranged, and pupils are accepted direct from the secondary schools. Some scholarships are available, but the fees are low. The teaching staff consists in part of the officials of the Central Unions, in part of lecturers from the universities and technical schools. The school turns out about thirty pupils yearly, which is as much as the Union can absorb in its employment. The school also arranges courses of three weeks for committee members, and carries on extensive correspondence courses for the benefit of the same type of students. It is gradually extending its work into the country, holding three-day schools, and making special efforts to communicate a knowledge of bookkeeping and the management of credit banks to all sections of co-operators. The German Union has no co-operative school, but relies on training its managerial staffs through actual work in the movement.

The relations of the co-operative societies to their managerial staffs are in many ways admirable; they are well trained, have a good standing with members and committee, are often well housed in buildings provided by the society, and not infrequently share in profits, either as a yearly bonus or a reserve for pensions. Unfortunately these privileges do not appear to be often extended to manual workers. All unions carry on propaganda by means of meetings and exhibitions and the work of inspectors and organisers, and they are beginning to realise the importance of winning women's support for the movement. They also publish

weekly or monthly papers in the language acceptable to their members. The Centro-Co-operative is further a trustee for the "Kampelik Fund" contributed by the co-operative societies and used for the publication of co-operative studies of a scientific character. The Ministry of Agriculture assists in work of this kind, and in the financing of "study journeys."

The methods of the cinema and the wireless have not been neglected. Ten co-operative films have been made, of which the titles indicate the contents: "The Two Brothers" (credit); "Long Ago and Now" (grain warehouses); "Milk, the Food of the People"; "Cattle Breeding and Marketing"; "The Coffee Industry," etc. These films go the round of the villages, accompanied by a lecturer. The Co-operative Union has arranged a daily broadcast of agricultural prices, and at intervals co-operative propagandist talks are given.

A quite independent undertaking and one which has less significance for the education of co-operators than for the zeal of co-operators for education, is the "Svehla" College, a students' hostel for the sons of peasants attending the University of Prague. The college is the property of a co-operative society of which the co-operative unions and other agricultural organisations are the shareholders. It provides accommodation for 300 students at low costs.

This is only one instance of the social aims of the movement, of its consciousness that its purpose is only to be fulfilled in building up a good rural life in the widest sense. It is with this object in mind that it has fostered electrical development and preached good husbandry, giving technical instruction unprompted by the Ministry of Agriculture or any other official body. It is with this object that the Czech Central Union is now planning the installation of co-operative laundries in the villages. Washing, it is correctly argued, is one of the heaviest

tasks the village woman has to perform; liberate her from it and you improve her health and the comfort of her family, while you increase her leisure and the opportunities for improving her mind.

This tendency to extend co-operative activities to many departments of rural life is even more marked amongst the local societies, whose energy has broken out in the most varied directions. Many have built "Agricultural Houses" to be their own headquarters and the centres of village social life. Not a few have halls with a musical or dramatic society in possession, or a library attached, or the co-operative society has contributed to the building of a village gymnasium. In one case the co-operative society houses the activities of the Town Council. Sometimes the co-operative society has built the village school, restored the church, brought telephones to the village, laid out public gardens, built a cinema, or started a bus service. Credit societies start subsidiary savings clubs for school children. One of the Unions in Moravia holds shares in a forestry school, a spa, and a sugar factory. In the mountain regions a group of co-operative societies has sometimes revived the whole corporate life of the place.

In some districts the co-operative movement has become a social force not so much by any particular communal undertaking as by the mere concentration of co-operative enterprise. The classic instance is Draziče on the Jisera, already referred to in connection with electricity. The society began rather more than twenty years ago with a flour mill and farm, going on to build a small power station. The history of its electrical development has already been told, but it has branched out in many other directions—a jam factory, a distillery, a smithy for the repair of agricultural machinery, a chain and tool making shop, a credit society, bakery and housing accommodation for the employees, a small consumers' store, a restaurant used both by the employees and neighbouring peasants. It has extended its

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This tendency to extend co-operative activities to many departments of rural life is even more marked amongst the local societies, whose energy has broken out in the most varied directions. Many have built "Agricultural Houses" to be their own headquarters and the centres of village social life. Not a few have halls with a musical or dramatic society in possession, or a library attached, or the co-operative society has contributed to the building of a village gymnasium. In one case the co-operative society houses the activities of the Town Council. Sometimes the co-operative society has built the village school, restored the church, brought telephones to the village, laid out public gardens, built a cinema, or started a bus service. Credit societies start subsidiary savings clubs for school children. One of the Unions in Moravia holds shares in a forestry school, a spa, and a sugar factory. In the mountain regions a group of co-operative societies has sometimes revived the whole corporate life of the place.

In some districts the co-operative movement has become a social force not so much by any particular communal undertaking as by the mere concentration of co-operative enterprise. The classic instance is Draziče on the Jisera, already referred to in connection with electricity. The society began rather more than twenty years ago with a flour mill and farm, going on to build a small power station. The history of its electrical development has already been told, but it has branched out in many other directions—a jam factory, a distillery, a smithy for the repair of agricultural machinery, a chain and tool making shop, a credit society, bakery and housing accommodation for the employees, a small consumers' store, a restaurant used both by the employees and neighbouring peasants. It has extended its

work to several branches; the mill draws supplies from eleven depots. The society owns a brickfield and a factory for the manufacture of oxygen. It has a hall, bearing the motto "Through common work to the common weal," which holds six hundred people, where lectures and plays are given. After the land reform it bought the local "residual estate" of 120 hectares (nearly 300 acres), and now runs it as an experimental farm under a manager. Cattle-breeding, cow-testing, and milk-recording are carried on. Calves are sold to the peasants, many of whom have acquired land from the former great estates. Implements are loaned out by the society. Cows are electrically milked, and experiments are being made, so far without commercial results, in growing vegetables under electric light. The society owns all that is left of the thirteenth-century castle, and has restored and reopened the fourteenth-century chapel and adorned it with the symbols of the society—a wheel and lightning flashes—and of the peasants' party.

Similar if less striking examples are to be found elsewhere. Praskačka, thirty years ago, is said to have been an ill-kept, poverty-stricken village without railway station or post-office. Through the energy and devotion of the village schoolmaster a credit bank, chicory kiln, mill and bakery have been erected, and all three organisations have joined together to build a village gymnasium. The employees are housed by the society, the village is tidy, progressive, and in touch with the rest of the world. In Kostelec it is jam-making, chicory, farmers' supplies, and baking which have been combined; in Sany, credit, chicory, and baking, also baths and vapour baths for members and employees. In Hukovice (Silesia) a distillery has led, naturally perhaps, to an inn and station restaurant, but less obviously, though probably even more beneficially, to electric light and public baths. At Přikazy in Moravia the work was once more

almost entirely that of one man. A loan bank many years ago was followed by a farmers' malting company and sugar factory. Cattle-breeding was taken next, then a co-operative dairy, production and distribution of electricity, a grist mill, a flour mill, and a bakery. At Smržice, a district with an old reputation for political democracy, the commune itself took shares in a malthouse and sugar factory and started a loan bank. There are three machine-using societies in the district, a dairy and a requirements society. Livestock insurance was followed by stock-breeding, and that in turn by plant-breeding. Electricity has been the latest development. At Unerazka a co-operative pasture was the first step, succeeded by a stock-breeding society, a drainage scheme, and a steam dairy. Later came farmers' requirements, egg-marketing, electricity, a loan bank, livestock insurance, and the extension of breeding societies to pigs and poultry.

The position of co-operation in the peasant economy and national life in Czechoslovakia is sufficiently shown by the record of its achievement. It may, perhaps, be worth while to consider briefly its ideals and its underlying philosophy. In a book on co-operation published in 1922, Dr. L. F. Dvořák says: "Our age has set two mighty purposes before it—the reform of the land and the creation of a new social justice through the transformation of labour from a marketable commodity to a joyful activity, filling the life of every individual with a joyful content. True to its fundamental principles, agricultural co-operation will strive towards these two goals." This is a fine doctrine, though the English farmer might possibly find it a startling one, and the development is no less interesting. It is pointed out that the principles which dominate modern life are the principles of commerce: "Goods are bought in order that they may be sold again at a higher rate . . . the only concern of the trader is to

sell dearer than he has bought . . . he knows that goods of indifferent quality will often earn him more than those that are superfine," or useless articles more than useful. Thus luxuries are imported, unproductive middlemen increase, and production falls.

Thus the Czech peasant can utter opinions which our period considers revolutionary, and still have a sounder claim than his English colleague to the title of conservative. For at bottom his doctrines, consciously or unconsciously, are the economic doctrines of the Middle Ages, still applicable without serious modification to a peasant community, however they may require to be transmuted to fit a complex industrial civilisation.

Uncontrolled competition, proceeds the argument, is wrong, for private interests collide with public. Socialism is unworkable, for private interest is too strong for it. A system must be found which will use private interest for public purposes, and that system is co-operation. To effect its object, co-operation need not control the whole of industry, but it must be established at key points. It does not suppress competition, but it makes the weaker able to compete. Herein, perhaps, is a measure of belated comfort for the English conservative. What he, or indeed his most socialist neighbour, would make of one of the supporting dicta is another matter. There is a theory abroad, says Dr. Dvořák, that all production is for purposes of consumption. But this is wrong. "The true worth of life does not lie in what a man needs, eats, drinks, wears, in where he dwells, what he has felt, seen, or read, but simply and solely in what he has *made*—not what he has made badly, but only what he has made better than it was before." This is a tough doctrine, justifiable perhaps on the assumption of a perpetually evolving universe in which man is to work through an endless cycle of concrete creation and spiritual recreation, though which is the purpose of which

might still be a subject of debate. The mundane application of the theory is that where the emphasis is on consumption, less attention will be paid to the production of goods and more to their presentation to the consumer. Thus the trader will have his chance to put a spoke in the wheel of society.

This, it may be observed, is to omit the consumers' societies, which figure in a somewhat different connection in the argument. One of the great problems of the age is the problem of the reward of labour, and this the co-operative movement is to ease if not to solve: firstly, by a scrupulous treatment of its employees, who are to be members and enthusiasts for the movement; and secondly, by regular and direct sales to the organised consumers. Another social problem is that of the functioning of democracy, and here again co-operation has a unique value, for political democracy and economic democracy are allied, and co-operation, by ensuring the latter, also promotes the former.

A Czech writer has pointed out that it is always difficult to know if people hold their principles on principle, or because they suit them. Obviously the principles of the Czech co-operator are derived from his circumstances. The peasant must have the land, and capitalist landlord or socialist State are alike his enemies. The producer must glorify production, and the man who is absorbed mind and body in his work must, more than the victim of mechanical toil, insist that labour is a vital function. It is the small man who suffers rather than the big man who profits by it who is quickest to see the evils of commercialism. Village life naturally promotes a kind of mutual aid which is creative rather than defensive.

Czech co-operation has all the marks of a movement which has succeeded by being the natural outcome of the material from which it is formed, and the circumstances which surrounded it. It has succeeded as a capably run business organisation,

able to beat private industry by its own methods—that is, technically. The Czech, no more than any other peasant, is prepared to support a co-operative society from motives of pure piety. If it does not pay him, he will go elsewhere. He is familiar with all the co-operative vices, and he will break his membership contract or play his society off against the private merchant with as much mistaken ingenuity as his neighbours. Moreover, Czech co-operation is not purist; it is surprisingly careless of form. It admits systems of voting by shares which would scandalise many devoted co-operators. It starts concerns in which the capital may be co-operative and the intention generous, but in which democratic control is attenuated to a shadow. It allies itself with private undertakings and, it is only fair to add, generally ends by swallowing them whole.

Wherein, then, does the social idealism lie? The question perhaps suggests that idealism and success must necessarily be divorced, and that social principles have no adequate equivalent in actual well-being. The absurdity partly supplies the answer. But the claim of co-operative idealism lies more pointedly in the fact that it has realised economic necessity in moral and intellectual form, and that it has found exponents who were prepared to sacrifice for it more than they were ever likely to gain. Not only individual pioneers, but whole societies whose members have laboured voluntarily on constructive work for the society, or made personal levies to save the society from collapse, have demonstrated this spirit. Undoubtedly, the national spirit of the Czechs, frustrated in other expression, went in some cases into co-operative effort and mingled with social purpose. But the springs of altruistic action are in any case too remote for this distinction to be of more than superficial interest. "Unless there is solidarity and the sense of community, there can be no successful co-operative societies, but only skilfully conducted businesses."

Enthusiasm without business efficiency is useless, but in some cases business efficiency has attracted support and even enthusiasm, while in others intelligent and durable enthusiasm has secured business efficiency, and the last sequence produces the better results.

It is common for the historian of a local society in Czechoslovakia to conclude his story by saying that the society is "the pride and joy of the whole neighbourhood." To English ears the expression sounds a trifle naïve as applied to a corn mill or a chicory kiln. But it indicates how central a place co-operation has come to fill in the countryside. It has planned an order which shall embrace all sides of rural life and all classes of country dwellers, and to a considerable extent it has carried it into effect. "Co-operation represents a better order embedded in an imperfect system." The most serious defect in its philosophy is the apparently unbridgeable gulf between town and country, and the very faint attempts which are made to find some place for modern industrial populations in the peasants' Utopia. What it cannot mould it may be tempted blindly to oppose. This is the weak point of a movement whose aim is to work first for the welfare of the agriculturist—then for the people as a whole, "and for a new social justice consisting in this, that all fellow-citizens shall be able to work freely and fully . . . so that common efforts may fulfil the common needs."