

**CO-OPERATION
IN
CHANGING ITALY**

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KARL WALTER

WHAT has happened to the
Co-operative Societies of
Italy under the Fascist regime?
This question is answered, for the
first time since the March on
Rome, by an English investigator
familiar for many years with the
social movements of Italy. He
visited 30 federations and 100
societies in order to describe the
movement, and some of his in-
formation regarding its role in
the changing economic structure
of Italy is surprising.

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CO-OPERATION
IN CHANGING ITALY

THE HORACE PLUNKETT FOUNDATION

(Incorporated 1926)

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**CO-OPERATION
IN CHANGING ITALY**

A SURVEY

BY

KARL WALTER

(THE HORACE PLUNKETT FOUNDATION)

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FOREWORD

THE following account of Co-operation as it is practised today in a country whose language and social movements have been familiar to the writer for thirty-five years, is based on a survey of every form of Co-operation to be observed in a dozen provinces which were chosen as being typical of the social and economic life of a much changed and still changing Italy. The itinerary may be indicated by the better-known centres of Naples, Rome, Pisa, Florence, Bologna, Venice, Udine, Milan, though very little time was spent in the cities, excepting Rome, compared with the visiting of small country towns, villages and farms. A week in Rome was devoted to getting some understanding of the composition and functions of various national bodies, and of what was found to be a very fluid state of opinion on economic and labour matters affecting the Co-operative movement or likely to influence its future. In the first and last chapters will be found some indication of the general information obtained, and the conclusions to which it led after the tour, when facts and impressions had been checked up.

The enquiry was carried out in greater detail than can appear in the space of this Report, and it is impossible to mention individually the many organisations which so cordially seconded every wish of the enquirer. Some 30 regional and national federations and more than 100 local societies were visited; the unfailing comradeship and frankness of their officers and members in discussing past and present controversies is deeply appreciated. Special acknowledgement has been made to the President of the Co-operative Union on behalf of the Horace Plunkett Foundation, and a personal indebtedness is gratefully recorded to Dr. Rosario Labadessa, whom one would call

its leader if the movement had not been so virtuously *spersonalizzato*, and to his enthusiastic colleagues at Headquarters and at the Provincial secretariates of the Union, for the sacrifices of time and comfort made in the interest of an accurate knowledge of the ideals and actualities of the united movement to which they are giving their lives.

London, May, 1934

**CO-OPERATION
IN CHANGING ITALY**

I. RECENT HISTORY AND PRESENT STATUS

CO-OPERATION in Italy has had many points of origin but first appeared in a rural character and, in a country predominantly agricultural, still has its main strength in the countryside. The earliest records go back to the late fifteenth century when dairy societies of a still existing primitive type already known in neighbouring countries, spread to the valleys of Northern Italy. They had no extensive development, however, until shortly after the middle of last century, when a spontaneous and rapid growth of societies of all kinds had already begun, inspired by the enthusiasm of the Risorgimento and determined by the changing economic conditions of the day.

It was not a movement, but many movements, until quite recently, and it is not purposed here to try to unravel the historical complexity of a period when statistics were not only inadequate but misleading. All that one can say with assurance is that there were several thousand Co-operative societies of all kinds by the end of last century, about eight thousand before the War, and twice that number by 1921. Vergnanini, the respected leader of the first effort to build up a united movement, had brought 2,008 Consumers' societies and 1,685 Labour societies within the ark of the National League (1886) by 1920. The League adopted a Socialist political policy; in 1923 its leader estimated the societies still in membership at 2,500; a rival league claimed 3,400. In all, there may have been 20,000 societies in existence at that time. Many of them were societies only in name. Vergnanini, in 1922, refers to the existence of "four thousand insignificant little societies of which indeed we know very little except that the greater number of them are of no importance whatever and are there simply to swell the figures of official statistics." It

would be equally difficult to estimate the number and value of the local and categorical leagues and federations and associations of societies, several of them with national pretensions.

Unification of the movement was regarded by observers of that period as a task beyond the dreams of organisation, passing the hopes of revolution. This was partly owing to the great diversity of purposes for which societies were organised, partly to traditional regional and religious loyalties, but above all to the deliberate and almost universal rejection of the Co-operative principle of political neutrality.¹ In a country where the whole movement can unite under a single political banner, as is the aim of Co-operative leadership in England, unity may be possible, though even this is an error in the pure Co-operative doctrine of Charles Gide, into which the presumption of the complete dominion of a single political party does not enter. In the Italy of those days it was inconceivable. Politicians of all the parties claiming popular support, did not limit their strife to the parliamentary arena, but carried it with ever growing intensity and pretensions into the Co-operative field. Soon after the War, the Ex-Soldiers' organisations and the new Fascist groups further complicated the situation by entering it in the same sectarian spirit, and with a ruthlessness of method, born of the violence of war and the fanaticism of a new political creed, leading to excesses which foreigners find it more difficult to forget than those who actually suffered from them.²

The situation in the period immediately before the beginning of the Fascist Revolution, which in their own annals dates from the March on Rome in 1922 and is still in

¹ Prof. G. Valenti, in his standard work on *Rural Co-operation*, writing in 1902, refers to "the Liberalism of those for whom liberty applies only to themselves," the exclusiveness of the "confessional Co-operatives," and Societies "promoted by the Socialist Party . . . to make money for its cause." "When Co-operation is a means and not an end," he comments, "it begins to lose its Co-operative character."

² The post-War movement composed of these local *fasci* (bundles or bunches) was known as Constituents of Italian Interventionism (recalling the policy its leaders had promoted in 1915) until 1921, when the Fascist Party was organised. Crispi suppressed Sicilian *fasci* in 1893.

progress, has been described by contemporary observers.¹ It was a period in which the simple pre-War plant of Socialism flowered in glowing ambitions and daring enterprise too luxuriant for its roots to nourish. City workers took possession of the factories, agricultural workers invaded the land, in the faith inspired by a generation of propaganda that saw no pitfalls beyond the barricades. The spirit of the times is preserved in many publications of the day; it burns clearly in the book by Odon Por referred to, and it did not fail to bring a glow of unaccustomed warmth into the Report of an Indian Civil Servant. None who even disinterestedly witnessed that rising wave of popular ambition could escape the exaltation of its flow or recall without a pang the frustration in which it spent itself. Those whose political sympathy or economic future were involved in it, and among them Co-operative societies of every political shade, torn from any vestige of Co-operative neutrality or independence by the emotions of the time and the political passions of their leaders, defended themselves as best they could from the disillusion of incompetence and the penalties of defeat.

One can carry too far the analogies of war. Riots there were, and in places the violence of war, and the persecution of the defeated that follows even a war to end war; but it would be perpetuating an error, into which many of us innocently fell, to describe those events as a systematic campaign against Co-operation as such, or to let it be thought that the political purging of those societies which, from the unitarian point of view, needed it, was accomplished in a day or in a year. The process was general, but it was intricate, and it was pursued by widely different methods in different places. A campaign against Co-operation conducted in cold blood would have been economically more destructive if, in places, humanly more kind.

¹ Among them, from the inside, by Odon Por (*Guilds and Co-operatives in Italy*, published in 1923 but written during 1922) and, as foreign visitors, by C. F. Strickland, I.C.S. (*Studies in European Co-operation*, 1922) and M. L. Darling, I.C.S. (*Co-operation in Germany and Italy*, 1923). But Odon Por already anticipates some co-ordination of the movement in a more orderly State.

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It was usual, even in villages, for two or three societies to be ~~working competitively~~; in Milan, including the largest single society in the country, there were at one time no less than 40 Consumers' societies. There might, in one small area, be a Socialist, a Republican and a Popular (Catholic) society; after the War came also the Ex-Soldiers' and the Fascist Co-operative societies.¹ In some degree this was true of all kinds of societies, but it was particularly the case with retail societies, owing to the value of their contributions to the funds of the local party whose colour they wore, which in many cases had promoted them, each society striving to attract custom for political as well as Co-operative purposes. There was also a certain amount of ~~duplicate membership~~.

This state of affairs in many districts persisted during the early days of Fascism and beyond its assumption of the government. Where the struggle was long-drawn, the opposing political Co-operative societies, formerly the commissariat and second line of their respective parties, became the front-line trenches and beleaguered dug-outs of gallant bands of fighters for political ideals to which their Co-operation had become subservient. Small shopkeepers naturally seized the opportunity to damage their competitors, but this aspect of it was a matter of individual greed, not party policy; the fight was for the abolition of the political parties, not Co-operation. Societies were attacked and damaged, Co-operators were assaulted and abused, not because they were Co-operative but because they were political. Once the political parties as we know them were abolished, and Fascism itself became no longer a party but a national Order,² the sources of antagonism in Co-operation disappeared, making possible a single, united, non-political movement.

The March on Rome put an end to any serious political

¹ Vergnanini, in 1922, referred to the following "opposing currents" in the movement: "Socialists, Nationalists, Catholics, Ex-soldiers, Republicans, Communists, Trade Unionists, Fascists, and autonomous independents."

² It should not be necessary, but may be advisable, to state that any mention of Fascism for which a proper understanding of Italian Co-operation is thought necessary, has exclusive reference to Italy.

ambition in the societies which had opposed the advance of Fascism ; from that day onward, by regular procedure and much more gradually than was known abroad at the time, societies whose political opposition had not been dangerous enough to call for drastic measures, began to elect committees and appoint managers who accepted the new regime and, with the large number of already existing Ex-Soldiers' and Fascist societies, to form the nucleus of unification ; societies which had been hopelessly ruined by incompetence or political conflict were gradually wound up ; those which had only been crippled were revived under commissioners of a temporary Central Commission for Co-operation, composed of 10 representatives of Co-operative societies and 9 representatives of Government departments, which was set up in 1922.

Mussolini had already defined his attitude toward Co-operation in 1922. It must not assume any political activities, but he affirmed "all my sympathy with those forms of Co-operation which, conscious of their high social mission, holding themselves above the passions of politics and religion, act as an arm of defence against the greed of speculation. Co-operation is a matter of high social value and, as such, can ask of the State, not financial privileges, but moral support and such protection as will ensure its exercise in an atmosphere of freedom." Two years later the Grand Fascist Council, the supreme authority of the Regime, passed a resolution approving the reorganisation of the movement, "convinced of the necessity for unification." In 1926, on the occasion of the transference of the new national centre from Milan to Rome, referring especially to the statistics of the Consumers' societies and the great economic value of this section of the movement, "as Head of the Government and Fascism," Mussolini again affirmed "my own and my Government's sympathy and support." In 1928, addressing as comrades a huge mass meeting of Co-operators in the Roman Colosseum, he exhorted them, "as producers and consumers, conscious of the economic value of the movement," to the achievement of still greater benefits for its members, the Regime

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and the fatherland. Finally, addressing the National Council of Corporations, which is intended to become the economic parliament of the future Corporative State, he said: "Co-operation is a force which has thousands of adherents and a considerable movement of capital, and which, not only for its economic but especially for its moral and social importance, must have the timely and adequate consideration and care of the Regime, and for this the laws concerning it must be brought up-to-date and coordinated." The laws he referred to were those regarding the national status of the Co-operative Federations and their Union, then a matter of acute controversy. Before recording how this has been resolved, however, it is necessary to understand how the main point of contention arose out of certain provisions in the basic social legislation of the Regime.

The Italian Regime is in many respects, though a guided torrent rather than a choked river, as fluid as the British constitution; the Head of the Government, as in the above, indicates the course at any doubtful point and leaves it to the engineers and bankside interests to regulate it. But the social topography of it is the "Labour Charter" issued by the Grand Fascist Council in 1927, and in that the principle of the Collective Labour Contract has the force of gravity.¹ The duty of negotiating Collective Contracts

¹ The Labour Charter is not a law but a declaration of the policy to be followed in labour legislation. Some of its articles already embodied in special laws are of interest. "After a year of continuous employment the worker in enterprises which habitually employ labour has the right to an annual holiday on pay," varying from 10 days to a month, for other than unskilled labour, for which it is variously provided in Collective Contracts; "to an indemnity in proportion to his years of service if dismissed through no fault of his own" (elsewhere defined as two weeks' pay for each year of service) "which is payable also if he dies while in employment"; "illness does not affect his contract during a determined period" (elsewhere, excepting unskilled labour, stated as during three months for workers of under 10 years' service, with full pay for one month and half-pay for two, and six months for those of over 10 years' service with proportional remuneration). In maternity full payment continues during one month's absence and half pay for a further two months. Transfer or bankruptcy of the undertaking does not cancel the worker's rights. The Collective Contract is an agreement binding in law and cannot be ended by strike or lock-out, both being therefore illegal. A Labour Magistracy was created, to which some of the most respected judges of the kingdom have been assigned.

is jealously guarded by the respective Trade Union Federations and Employers' Federations, associated in their appropriate National Confederations. The controversy arose out of the difficulty of finding the proper place for Co-operative societies and their employees in this system. The Trade Unions demanded that Co-operative employees should come within the scope of the appropriate unions and their Collective Contracts ; the Employers' Federations asked for nothing better than that the Co-operative societies should categorically be merged in their bodies. Against the latter proposal the societies put up a long and strenuous fight through their Federations and their National Union, which was indeed for these bodies a fight for life. The peace treaty which followed their victory is the Law of March 2, 1931, regarding the constitution and status of the Co-operative Federations and the National Union.¹

Excepting in the negotiation and enforcement of collective contracts of labour, which remain exclusively functions of the Confederations, the Co-operative societies are recognised as autonomous in themselves and in their national organisations. The argument that prevailed was their obvious claim that it would be illogical, and contrary to the Fascist idea of orderly progress toward a Corporative State, to classify capitalist firms with Co-operative societies simply because they exercise similar functions, when the economic difference between "bodies in which capital is the master and bodies in which capital is an instrument" represents a fundamental economic division leading to inevitable conflict of interests. To satisfy the spirit and formalities of unitarian Fascism (a pleonasm, but perhaps a useful one for the English reader) and for practical purposes of co-ordination of labour conditions, an exchange of representatives between the labour contract bodies and the Co-operative Federations is prescribed.

The internal construction of the Co-operative Federations and the Union remains as it had been evolved in the voluntary process of unification undertaken by the societies.

¹ Ente Nazionale Fascista della Co-operazione, literally Body or Unit, but constitutionally, as will be seen, a National Union.

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Four Federations date from 1926—those of the Consumers', Farming, Building and Labour societies; there are now nine National Federations, in which were affiliated at the end of 1933 :

Consumers' societies	3,338
Labour and production societies	1,269
Transport societies	265
Farming societies	314
Building societies	764
Requirements societies	288
Processing societies	516
Mutual aid societies	2,119
Insurance societies	195

Affiliation with a Federation is voluntary, but societies becoming members of a Federation automatically become members of the National Union; thus out of the total number of 18,633 eligible societies, 9,068 are already affiliated to the Union. The elected delegates of societies in biennial assembly elect the Council of their Federation; the Council elects its president and its representatives on the Council of the Union. The latter elects its Executive Committee and President from among its own members. The presidents of the Federations and of the Union must be persons approved by the Minister of Corporations, which means, in effect, that they must be members of, or in good standing with, the Fascist Party or Order, a condition of employment in any public service, as which, in this respect, positions of national scope in Co-operation are regarded. The Ministry appoints two of the three auditors of the Union and two of the three members of the Audit Committee of the Union. That is the extent of the Union's relation with the State. It receives no grant or subsidy of any kind, not even passes on the (State) railways for its officers on duty, being entirely dependent financially upon the affiliation fees and voluntary subscriptions of the societies. As stated regarding the Federations, there is also an exchange of representatives between the Union and the Confederations, and with the "Party," the Ex-Soldiers' Association, the National Insurance Association and the two Co-operative Credit Associations not included in the

Union ; these outside representatives act as observers only except in matters of common concern. The General Secretary is appointed not by the Executive Committee but by the Council of the Union, and is responsible for the headquarters staff of the Union and its 54 Provincial secretariates. All salaries are very low compared with English standards. ✓

“The functions of the Union are: to study economic questions relating to Co-operation and Mutuality ; to co-ordinate and supervise the activities of the movement ; to promote the Co-operative and general education of Co-operators ; to provide or organise special accountancy and other technical services ; to conduct the audit of those affiliated societies which make application for it (5,000 in 1933) ; to intervene, when invited by the parties, for the friendly settlement of disputes arising between its members or with third parties ; and generally to assist and advise in the orderly development of the movement. The Union publishes many pamphlets and reports on Co-operation, a weekly paper, a monthly and a Year-Book, and conducts an active Co-operative propaganda from headquarters and from all the Provincial secretariates. The latter are, especially in backward sections of the country, the advance guard of the movement and are everywhere its rallying point. They arrange lectures and classes and correspondence courses in Co-operation ; at several of the secretariates visited about 100 working men and women were paying ten shillings each for a course of 30 lessons ; Udine had 150 enrolled in weekly classes of 3 hours and 170 in the correspondence course. Advanced courses in Co-operation are given at the Co-operative College in Rome where special lectures are also given for school-teachers so that the subject may be properly presented in the ordinary schools. The Provincial secretariates, further, promote and assist in the formation of societies. They keep the books of new societies (200 in the case of one secretariate) until they can afford to employ a qualified bookkeeper, sometimes using the voluntary services of advanced students for this purpose. The Provincial Secretaries are responsible for the local audit

services and for the settlement of local questions, acting also as Deputy Secretaries of the National Federations. They work directly under the General Secretary and apparently do not usually serve much more than two years in one province. Change of office at headquarters is also very frequent compared with our English habit of stability, Italian Co-operators taking pride in their movement being both *spersonalizzato* and *spoliticizzato*—de-personalised and de-politicised—well rid of both permanent officialdom and politics. //

Various special laws have been passed in recent years concerning societies of different categories, but their fundamental character of voluntary, autonomous and open economic associations of persons in which (it is always insisted) capital is the servant and not the master, is not in any way altered. One custom which is not elsewhere considered orthodox Co-operative practice may be noted. It is permissible for a society to charge an entrance subscription to new shareholders equal to the proportion of its members to its reserve fund, into which their subscription is paid. The maximum individual shareholding (for every kind of Co-operative society) was in 1927 raised to 30,000 lire and the minimum to 100 lire¹; thus in a society of 500 members with the average reserve capital of all consumers' societies, 16,430 lire (though this figure must be used with caution as it includes "special funds" which do not count), the payment of a new member would be 100 lire, for a share, and a subscription of 32 lire, now 10s. 8d. In some societies it would work out at more, in others less; and it is optional for them; the example given in a textbook of the Union puts it at 10 lire. But reserve capital is always indivisible and the practice seems unnecessary in the case of Consumers' societies. In other societies which accumulate property, plant and machinery,

¹ At the time, respectively equal to little over £300 and £1. The minimum is £1 13s. 4d. at the prevailing rate of 60 lire to the pound sterling, which is used here for conversion of all values arising in the period since the depreciation of the pound. In actual comparative purchasing power in the two countries this rate is quite fair to the pound. The cost of living has fallen more than 33 per cent since 1930.

RECENT HISTORY AND PRESENT STATUS II

for the use of members, it may be better defended. Another debatable point is the cautious provision (which incidentally upsets all membership statistics on the English reckoning) that a shareholder does not rank as member until one share is paid up in full; holders of part-paid shares, however, receive the same dividend on purchases and labour, and the practice has its advantages for building up a solid membership.

All societies enjoy small privileges in exemption from or reduction of registration and certain stamp taxes. They are material in the case of new societies, and run for the first five years of operation; agricultural, fishing and workers' building societies are exempt from income tax for the first ten years. Thousands of societies also enjoy credit privileges not extended to private enterprise.

For the consumers' movement, the most important legal privilege is an exemption from the law of 1930 (No. 774) which prohibits the opening of new retail shops "excepting in newly settled centres or when it is a question of a Co-operative consumers' shop."

The scope and character of the different kinds of societies are described in subsequent chapters. The figures used in the text to illustrate the progress of the movement are from various sources, including the International Institute of Agriculture, the ministries of Agriculture and Labour, and the societies and other bodies of the movement itself. A statistical summary of the present situation is given with a bibliography following the concluding chapter.

II. CONSUMERS' CO-OPERATION

CONSUMERS' societies have a place in the life of the Italian peasant, tenant farmer and metayer, as noteworthy as any other form of Co-operative organisation. The retail society, indeed, is of greater importance in many rural areas than it is in the cities, taking them as a whole community. Several of the country districts visited, each comprising an extensive system of autonomous or connected village stores, are almost entirely dependent upon Co-operative societies for bread, meat and groceries, and in a lesser degree for clothing and fuel; many more are gradually becoming so through the elimination of the small, inefficient village shopkeeper or the conversion of his business into a branch of a neighbouring Co-operative. In many of the villages and some of the smaller towns, it was found that practically every household was served. In country towns of 7,000 to 15,000 inhabitants it was not unusual, in the advanced Provinces, to find a society with a membership of 2,500 to 10,000, including members served by neighbouring village branches.

The latest statistics of the retail movement confirm these rural observations. In the agricultural provinces of Trento and Varese the value of sales per head of population in 1932 works out at £5 10s. and £5 3s. respectively. The industrialised provinces of Turin and Milan (including the cities) show only £1 9s. 7d. and £1 3s. 9d.¹ This comparatively high standard for rural consumers' Co-operation refers chiefly to Northern Italy, where also Co-operative

¹ In the same year the sales of retail societies per head of population in the United Kingdom were £4 4s. 6d. and in Greater London, £2 13s. 8d. Comparing the sales per head of two predominantly agricultural countries, the consumers' retail societies of Italy (including Sicily and Sardinia where there are hardly any societies) show an excess over those of Ireland (including Ulster) as of 19 to 15.

organisations for agricultural purposes are most advanced. In the rural province of Lucca, farther south, the sales per head of population are £1 13s. 9d.; other parts of Central Italy are not far behind; but Southern Italy, Sicily and Sardinia, are still only on the edges of the Co-operative picture, less than 10 per cent of the Consumers' societies being south of Naples. It would be rash to say that this greater progress of the rural North was due to the enlivening influence of neighbouring industrialisation, for there is a contrast also in the systems of land tenure in the North and South and Co-operative development is deeply affected by this. Peasant proprietors and small tenant farmers predominate in the North and Centre and are the backbone of the Italian as of other mainly rural Co-operative movements.

The statistics deal with 3,338 retail societies, with 5,270 branches and retail sales of 1,177,189,483 lire (£19,619,825), in membership with the National Federation of Consumers' Societies and affiliated to the Union. For these, a total membership of 742,260 is given. This shows sales per member of £26 8s. 8d., which seems surprisingly little less than the British average (£29 15s. 4d. in the same year) but in fact is much lower, since the Italian figure for membership does not, as in English reckoning, include those who have taken up part-paid shares and are paying up the balance out of dividends on purchases; they must be at least as many as the holders of fully paid shares. Even so, for a mainly rural movement this is high; for peasant farming itself aims first to supply the needs of the family. Also, the Italian societies, rural and urban, have succeeded in getting right down to the poorest class of the community. In every society visited it was taken as a matter of course (a) that it is catering for the poorest as well as the more fortunate elements of the community; (b) that it is permanently engaged in trying to undersell the private shop-keeper, therefore, (c) that the dividend on purchases is second in importance to low prices¹; further, (d) that all

¹ "Selling at market price" makes a society "more a savings institution than an instrument of defence for the consumer in the daily economic fight." *Co-operative Societies and the Consumer*, by R. Labadessa (1932).

customers must become members, (e) that all employees must be Co-operators by conviction and education, and (f) that all societies must be centres of education in Co-operative practice and theory as applicable to both production and distribution. These points of policy are supported by the National Union. An excerpt from the official report of a Provincial Secretary of the Union, circulated to the retail societies in an entirely rural province, is typical of reports and of comment elsewhere :

All the committees and managers of Co-operative societies, and all members of their staffs, must be first-rate workers and ardent Co-operators. . . . Co-operatives which are satisfied with being shops, even good shops, are not Co-operatives. They must educate the consumer and show him how to become a Co-operator, and thus to provide for all his needs.

Amalgamation of competing societies was a long and difficult and sometimes painful business which could hardly have been accomplished without the special powers inherent in the unitarian spirit of the times. In Milan, for instance, the first Commissioner (1923-25) did not accomplish it; amalgamation has only recently been completed under a Commissioner nominated in 1929 and now retired. The Milan society, with its 160 branches, including former municipal shops, is well on its way to become a society great beyond even the dreams of its great founder, Buffoli, one of the saints of Italian Co-operation. The Turin society is particularly proud of having been some years ahead of Milan in its reconstitution, but its problems were less complicated. The policy of the National Union regarding new societies in rural districts is that they should be started only in villages which are large enough to support a society that could pay standard wages; if favourably situated, the opening of a branch of an existing society is preferred. This has been translated by some of the "ardent" Provincial Secretaries, which all of them seem to be, into the slogan: "A branch in every village not large enough to support an autonomous society."

Practically all societies manage to combine the policy of the competitive price and the payment of dividend on

purchases, though this may fall as low as 2 per cent (in one case, 1 per cent) and is occasionally even fixed in advance at that rate. Wine is usually excepted from dividend, as "it is not necessary to encourage its sale." The price, however, is always lower than elsewhere, and in itself sometimes quite "encouraging," for instance, 2.20 lire for a large "fiasco"—2½d. a pint for a sound table wine. It is customary in some districts to retain half the amount of dividend receivable by those who hold only a part-paid share, until it is paid up—100 lire (£1 13s. 4d.)—which is required to qualify them as full members. The Bologna society, for example, is listed as having 7,490 members, but it was found that 50,000 also hold part-paid shares, the large disproportion being mainly due to the society having recently taken over several municipal shops as branches. The same process on a much larger scale entirely swamped the attenuated membership of the now reconstructed Milan society. At Imola¹ the large proportion of 7,000 part-paid to 1,800 fully paid shares (in a town of 12,000 population) was said to be due entirely to the more active education and propaganda of the last two years. A small village society had 230 full members, but every family in the commune of 5,000 inhabitants was being served and was buying a share.

Bread, as in England, is consistently sold at a lower price in the Co-operatives than elsewhere. Most societies, even the smallest, have their own bakery; a few use a municipal one; others allow their own ovens to be used as such. One village society with several smaller village branches had acquired some of them by making its bread so popular that the other village shopkeepers had to get it for their customers, a first step toward converting the private shop

¹ The pharmacy in the old palace which is the headquarters of the Imola society, was one of the few bits of sightseeing in this tour. It has been kept exactly as it has been for centuries (there is a modern pharmacy behind it), a great vaulted and panelled room, with a noble counter and the walls entirely occupied, except for a few layers of painted drawers, by rows on rows of the complete original set of 1,436 handsome old blue and white jars with such legends, in abbreviated Latin, as "Dragon's Blood," "Human Skull," "Egyptian Mummy," and other less alarming medicines.

into a branch. The bakery is the first thing to be modernised ; then the more elaborate *pastificio*, macaroni factory ; then the butchery (with slaughterhouse) which gradually develops into a sausage factory, where hams and bacon are cured and all the many varieties of Italian sausage are made from fresh killed meat, the weekly kill varying according to size of society from enough to keep one butcher busy in a village, to as many as 100 pigs and 40 other beasts for a city society. A restaurant, bar and café are usually early additions to the rural society's enterprise ; sometimes also the village inn.

Among good works undertaken by Co-operative organisations of all kinds, that of assisted holidays, uniformly thirty days, for the children of poor members, must be mentioned in this chapter, as the retail societies, rural as much as urban, are conspicuous for their participation in this characteristic movement of young Italy. Practically all societies take part in it, some of them having their own mountain chalets or seaside "colonies," often housed in bankrupt capitalist hotels and villas. Others contribute according to their means to joint enterprises, the expenditure varying from the few pounds of a village society to the hundreds of a large society with branches, up to the £2,000 spent for this purpose last year by the Turin society. Provident societies and philanthropic bodies are large contributors ; but the co-ordination of the work, as well as much of its expense, and the care of many of the travellers to the mountains and the sea, is one of the assistential works of the Fascist Party, and is carried on by the Women's sections. Beginning in 1925 with 60 "colonies," the number last year reached 1,781, in which 348,435 children had a month's holiday.

A savings department has been, and in some districts still is, a popular section of retail societies. A large rural society serving thirty villages, with a turnover of nine million lire (£150,000) had deposits of over one million lire (£16,666). In many cases, however, such liabilities have turned out to be an embarrassment, sometimes a danger, and the practice is now being discouraged, unless it is



TYPICAL BAKERY OF A RETAIL SOCIETY (UDINE)



THE ANCIENT PHARMACY OF THE IMOLA RETAIL SOCIETY

dissociated from the finances of the society. Credit is not, on principle, given by retail societies, nor is it needed by peasant members, who have plenty of other facilities for obtaining it.

Typical of the larger rural societies is that of the little town of Pietrasanta¹ in the province of Lucca. It has many more members than the town itself has householders, but its territory has a radius of 17 miles and is served by 70 branches in as many small villages. It feeds the whole district. Branch meetings are held and district representation is secured on the committee. It has 270 employees, including the bakery, butchery, macaroni factory, wine cellars, café and branches. Its tailor and dressmaking shops are of a West End smartness. Its chief cashier, a woman, has had the same job for 30 years. A society about half its size at Tolmezzo, in Udine, has 40 branches and feeds the whole population of its mountainous region.² It buys all its butter and cheese from a local group of Co-operative dairies. Its annual meeting always fills the town theatre to overflowing, and the branches take a keen interest in the election of the committee in order to get all districts represented. Prices at all branches are the same, plus cost of transport by the society's lorries, which is charged to branches in addition to the retail price of goods. This system of accounting with branches is general, but the addition of transport costs is peculiar to societies in mountainous territory.

One of the smaller branches of this society may be used to illustrate the intimate relations between producers' and consumers' Co-operation in rural districts. A hamlet some miles away was the centre of a collective tenancy group of farmers. As the members prospered they acquired cows, and as the milk supply increased they formed a Co-operative dairy and employed one of themselves, first in turn and then one permanently, as cheese-maker. They exchanged

¹ Michelangelo, in his letters to Vittoria Colonna, describes a primitive Co-operative credit custom in this little town, the intelligence and honesty of whose inhabitants he holds up as a model to the Florentines.

² The Tolmezzo society is proud of having had Mussolini as a foundation member when he was an unknown schoolmaster in the next village.

cheeses for groceries from the Tolmezzo society, barter became awkward, some of them had only produce which had to be sold elsewhere; so a branch of the consumers' society was established in the dairy with the cheese-maker as manager. It is also a branch of the local farm requirements society.

The consumers' Wholesale society, known as ECA (Ente Centrale Approvvigionamenti delle Co-operative di Consumo), is also becoming a factor of importance in the rural economy; it is improving the standard of supplies to village societies and is increasing its purchases of agricultural produce through the appropriate Co-operative organisations. Very careful attention has been given to an economical plan for getting supplies to small rural societies; larger rural societies, known as "railhead Co-operatives," act as agents for the Wholesale, receiving orders from the smaller societies of their area and distributing shipments to them.

The first plan for a Wholesale society appears to have been proposed by Luzzatti, Wollemborg and others in a statement of the National League Committee in 1887, but no action seems to have been taken. On the initiative of the Humanitarian Society, in 1906, a wholesale commission house for Co-operative societies was started. In 1918 this tentative form of Wholesale had a total capital of £7,500 and its annual purchases of supplies for the societies were for something over half a million pounds. It never got beyond this point, however, and was wound up in 1923. Two other Wholesales which had appeared after the War also failed. The ECA grew out of the informal meetings of a few managers of town societies and rural societies' purchasing agents in Milan, for the discussion of questions of supply, which continued until 1927, when a meeting of representatives of societies and agencies formed a new Wholesale society. Its activity was limited to handling a few specified commodities on commission. By 1929 the number of associated bodies had grown to 200 and the turnover had passed the million pound mark. The sudden fall of prices made 1930 a difficult year, but turnover slightly increased, and in the following year rose by 50 per

cent in quantity. By 1931 the number of societies in the ECA had risen to 872; in 1932 they were 1,232 and the turnover was nearly two million pounds. It has now passed that mark and practically all societies are being served.

Already in the year of improvement, 1931, strong differences of opinion regarding policy had arisen, especially regarding the limitation of "lines" and the commission plan; they have only recently been resolved in favour of a more progressive program. The attitude of the Co-operative Union in this controversy is shown by the address of its General Secretary to the annual meeting of the Wholesale in 1933, in which he outlined a progressive policy for the Wholesale, looking especially to the systematic increase of supplies purchased from agricultural societies for distribution by consumers' societies. Radical changes followed in the policy of the Wholesale. The commission plan gave way to purchase and sale; the policy of employing private firms for the manufacture of Co-operative branded articles was abandoned in favour of manufacture by the Wholesale's own factories. "The ECA is now in the race with the English and other great national Wholesale societies," the President told the writer, "and in ten years intends to be in line with the leaders."

III. FARM REQUIREMENTS AND MARKETING

THE joint purchase and distribution of farm requirements is a widespread form of Co-operation in Italy. As in England and elsewhere, the practice arose in the first place from a demand for improvement and control of quality; organised purchase very soon began to show its beneficial influence on prices. The first bodies to practise it were technical and professional organisations of farmers; their example was followed by every kind of rural organisation, credit societies, agricultural committees, clubs, and so on.¹ In all cases the custom has been to distribute surplus or profits in proportion to purchases after providing for expenses and reserves, but there are complaints that a number of these societies make profits on sales to non-members and that some of them are "no better than private dealers." The tendency of local groups to combine for wholesale purchase was early in evidence; it was not until 1891 that the specific description of such bodies as agricultural consortia (*consorzi agrari*) was used in the title of a Co-operative society formed for the purpose in Parma. The consortia today (with otherwise named but similar bodies) constitute the Italian farmer's main channel for the supply of requirements and machinery.

Complete statistics for all the requirements societies are not available, as not all of them are affiliated to a statistical centre. Figures for affiliated groups of societies numbering 263, in 1928, showed a membership of 228,971, a total capital of 82,159,975 lire (£1,369,333) and sales of 1,006,619,531 lire (£16,776,922). In the following year, 1929, similar returns from 290 societies showed sales of about the same value, including farm machinery for nearly

¹ These clubs or "circles" are important bodies in the North. The one at St. Vito in Friuli, often quoted as typical, now has 1,000 members and three branches. It has long worked for organised marketing and sells much produce of members to consumers' societies.

one million pounds. There are known to be 540 active societies today, though the Co-operative character of some of them is not above suspicion, with a total membership of not less than half a million and a turnover in 1932 of at least 1,200 million lire (£20 million) for requirements alone. The societies properly organised on principles of mutuality enjoy the prestige, as well as the few material privileges, accorded to other Co-operative societies. As the Co-operative discount, if it appears in the balance sheet as distributable profit, is liable to income tax, some societies make a preliminary distribution, or a reduction in accounts outstanding, before the end of the financial year, if there is likely to be a considerable surplus—a simple and legal expedient.

Besides the ordinary trading services of agricultural merchants, the purposes of Italian requirements societies constitutionally include the provision of short term credit for their members. This is obtained by taking payment in six-months bills of exchange, renewable for a further six months, which are discounted for the societies by the agricultural credit institutions or the local banks at current rates. A central bank for this and other agricultural credit services required by the societies is their own financial institution (Ente Finanziario dei Consorzi Agrari) established with their own capital and generous State credits. The societies also act as agents for the sale of members' produce; this service is increasing and is considered important, as specialised marketing organisation has yet to be developed for many kinds of produce.

The societies are themselves active promoters of other Co-operative enterprise in various forms. In recent years an important development has been the establishment of Co-operative fertiliser factories, sometimes owned and operated by a group of requirements societies, sometimes by a separate farmers' Co-operative promoted by these. The factories now number 18 and have a total capacity of four million quintals, rather more than one-third of the nation's actual consumption in 1931, and one-fifth of its productive capacity. Nearly all the rest of the other

national importation and production of fertilisers is in the control of the Montecatini trust. There is keen selling competition between the Co-operatives and the trust, which is dependent upon the goodwill of the requirements societies for the distribution of much of its own products. In some districts the societies do not handle any trust fertilisers, being fully supplied by the local Co-operative factories. The national danger of a boycott of capitalist production while the Co-operative supply is still inadequate, has been averted by annual negotiations to determine the allotment of quantities between them, and prices. Complaints that the trust gives undeclared discounts are not uncommon. Recently, prices have been virtually determined by the Co-operatives, whose quota has increased yearly. In the current year (1933-34) the Co-operative quota has been three-tenths; a further increase is demanded and is expected by the Co-operatives for the next year.

The status of the requirements societies in the new economic order has been the subject of controversy and negotiations for some years. They are intimately connected with the National Farmers' Union (*Confederazione Nazionale Fascista degli Agricoltori*) and owe most of their recent development to it, as well as the assertion and recognition of their importance in the national economy. It was not surprising, therefore, apart from the fact that Co-operative affiliation would mean stricter Co-operative discipline, that this body and some of its societies firmly opposed the proposal that the requirements societies should affiliate instead with the Co-operative Union. The Co-operative Union had, however, fought over a good deal of the same theoretical ground regarding other categories of societies, and the decision that all Co-operative organisations have a common economic interest which distinguishes them from capitalist enterprises even of the same functional category, was finally, in 1933, declared to hold good also in the case of the requirements societies.¹ Some of them had already

¹ The Minister of Agriculture had previously expressed his opinion that, "from the economic and doctrinal point of view," the practice of marketing also should be confined to independent special organisations (*La Co-operazione Agraria in Italia*, by G. Acerbo, 1932).

affiliated, many have since done so ; as there is no obligation to do so, it might be expected that some time must elapse before the process of affiliation, if ever, is completed. Such is the discipline of the national organisations, however, that the Farmers' Union, instead of continuing to oppose the affiliation of the societies with the Co-operative Union, is encouraging it. Those of dubious Co-operative character are not likely to apply and would not be admitted. Co-operative affiliation is also in harmony with the campaign being waged in all quarters for closer trading relations between agricultural and consumers' societies, and has the further advantage of making all requirements societies with a clean Co-operative record, consortia and others, eligible for membership in the National Federation of Requirements Societies, their proper section of the Co-operative Union.

For business purposes the societies have their own agricultural Wholesale society (Federazione Italiana dei Consorzi Agrari). It was founded in 1892 by 60 societies with a capital of a few hundred pounds, and its first year's turnover amounted to a few thousand. It grew by extending affiliation and by amalgamation with other central district agencies, but its headquarters remained at Piacenza until 1932, when it was moved to Rome by the expressed wish of Mussolini that it should thus take the centre of the stage in its appropriate field of agricultural business. In its 40 years of operation, this Wholesale has supplied its member societies with goods to the total value of 3,240,236,087 lire—a sum very much greater than its present sterling equivalent of 54 million pounds, possibly double that value, owing to the higher value of the lire before and during the War. The Wholesale (backed by the Farmers' Union) initiated the movement against the fertiliser monopoly, and was active in the promotion of the fertiliser factories in conjunction with regional groups of societies. In 1931, its member societies handled nearly one-half of the national consumption of fertilisers. Its sales of agricultural machinery reached their peak in 1926, with 38 million lire, say £500,000. Lower prices, as well as retrenchment of capital expenditure by farmers, account for a decrease in recent years.

The point of efficiency which Co-operative farm machinery societies has reached, also tends to reduce the quantity of new machinery required. There are 60 of these societies, many of them being large undertakings with as many as 750 members and thirty or more complete outfits of traction engines, threshing machines, etc., and crews of seven or eight men, serving in some cases the farmers, large and small, of a whole Province.

Among its many other activities, the Wholesale, supported by the Farmers' Union, played and continues to play an important part in the Wheat Campaign (*Battaglia del Grano*). The success of this campaign is the great pride of agricultural Italy, not only for the increase of acreage, which was not its main object even when it was initiated in 1925, and the comparative stabilisation of prices,¹ but also for the improvement of quality and, above all, the enormous increase of yield per acre—21 per cent from 1927 to 1931 and, in 1932, very nearly 50 per cent above the immediate pre-War yearly average. Actually, the economic side of the campaign, in all its intricacies of business propaganda, subsidy and price adjustment, was conducted by the Economic Section of the Farmers' Union, while the great educational and technical manœuvres were performed by a most efficient and devoted body of experts, the travelling schools (*cattedre ambulanti*) which, besides much of the technical progress of Italian agriculture, have also a great variety and amount of Co-operative promotion to their credit. But the work of the battlefield, organisation for the handling of the grain itself, its collection and storage, the payment of advances on delivery, and its orderly movement under instructions not always easy to follow, was the work of the requirements societies under the generalship of their Wholesale.² Their presidents constitute provincial grain commissions, with representatives of

¹ A publication of the Farmers' Union gives the following figures. Taking the years 1913, 1929, 1930 and 1931, with 100 as the index of the first year, Winnipeg and Milan prices for wheat of standard quality show the following fluctuations respectively: 100, 100; 152, 127; 108, 123; 55, 96.

² Consumers' societies buy wheat direct from the farmers' organisations for their own mills and bakeries, but statistics are not available.

the Farmers' Union, the travelling schools and the Co-operative Union. Wide use is made of Co-operative warehouses of all kinds, especially those of the requirements societies, and of tobacco and silk societies. In this way, about three-fifths of the 1932 crop was assembled and sold collectively, the Institute of Agricultural Credit being the principal financing agent for advances on delivery. The Wholesale itself was at one time carrying about one-tenth of the crop in the warehouses of provincial federations of requirements societies, which was sufficient to enable it to play a leading part in the stabilisation of prices.

The Co-operative marketing territory thus won by the producers is increasing each year and will certainly not be surrendered, though what the future of grain marketing organisation will be, or of grain production, it is impossible to foresee. The recent agreement with Hungary may foreshadow some relaxation of a very strenuous campaign. But the State is committed to maintaining a stable price for wheat, to the suppression of speculation and profiteering in its trading, and to a liberal credit program ; it is assumed that these conditions should be sufficient to enable the various national bodies of farmers, through which they are regulated, to establish a national grain marketing system on voluntary Co-operative lines.

The organisation of commodity marketing on a national scale is much in the minds of the Farmers' Union and the agricultural Wholesale society. In the course of the Wheat campaign, the Wholesale established an autonomous central office for grain marketing, through which the societies (and individual growers) are put into direct communication with millers. It has also established similar independent central marketing offices for wine and raw silk, which, however, deal exclusively with the requirements societies and the wine making and silk societies to be described in the next chapter. There is also a central Co-operative office for the export of fruit and vegetables. None of these national centres handle more than a respectable fraction of the total production ; livestock, eggs and poultry marketing is still primitive.

Two exceptions to uncontrolled marketing are the national union for promoting and regulating the sale of rice, and the growers' organisation for the control of beetroot production and sale. (The production of tobacco, its sale being a State monopoly, is of course also controlled.) Neither of these bodies is regarded as a Co-operative society, but they are so in effect and have features worth noting.

The National Rice Union was created by a special law of 1931 (No. 1236) promoted by the Farmers' Union. All interested parties are represented on its council, which registers contracts, fixes prices and promotes better production, larger home consumption and exportation of surplus, for which a subsidy of about a million pounds was provided in 1932.

The National Association of Beet Growers dates from 1917, and arose from the hardships of the individual producer bargaining with the "industrialist." Contracts in those days provided simply for the purchase of the produce of a specified area at an agreed price per ton, regardless of quality. In 1923 a commission of experts, nominated by the growers' and the refiners' associations, abolished the acreage condition and devised a scientific basis of valuation. The annual joint conferences of the two national bodies for determination of contractual details, led to a national regulation of production by them, when production outran consumption in 1930 and after, without recourse to statutory authority. Limitation of quantities to be contracted for was first tried (with a few local defections, it was noted) and finally, in 1933, the contract based upon acreage to be cultivated was restored, but with the established qualitative provisions.

The need of better marketing organisation throughout the agricultural industry is, as already indicated, a subject of widespread discussion and education. The manner of statutory compulsion adopted in England is not, surprisingly perhaps, included in Fascist propaganda for better national marketing; even those who, at headquarters, are most aware of the need of complete collective action, and would have the power to legislate for it on the English

model, are reluctant to introduce generally the compulsory principle into Co-operative marketing.¹ The Minister of Agriculture, a leading exponent of agricultural Co-operation, has shown a better appreciation of Co-operative economics than we are accustomed to in those quarters. "Co-operative marketing organisations," he writes in the volume already referred to, "even if legally constituted as such, can be anything but Co-operative; they can act as monopolistic associations against the interests of the consumers, upsetting the economic equilibrium." The present policy; other agricultural economists maintain, is justified by the steady growth of voluntary marketing organisation in recent years, and especially by the closer relations that it is bringing between the producer and consumer. "If we can abolish profiteering in agricultural produce by direct commerce between producers' and consumers' organisations," they say, "and, if necessary, by disciplining the middleman and processor until their functions become a national service or are taken over by appropriate Co-operative organisations, we shall have done a better thing than to perpetuate by statute the old fashioned methods and selfish interests of liberal capitalism." But they are well aware of the present disadvantages of having such a large proportion of marketing unorganised; the position is thus described in a recently published history of the Farmers' Union :

The farmers are many; the industrialists are few. It is easy for them to get together, but very difficult for the farmers, except by representation through their own organisations. The few industrialists can and do influence the produce markets in their respective spheres; the farmers' business organisations are not on a large enough scale to oppose a corresponding influence.

¹ Besides other doubts about compulsory marketing boards, there is now a growing disposition against setting up new machinery, arising from a well-founded apprehension that the multiplication of bureaucracies is going to be the real danger in the later stages of evolution into a Co-operative State.

IV. PROCESSING AND MARKETING

THE Co-operative processing of agricultural produce is most widely developed in dairy farming. In raw silk production, wine-making and tobacco-growing it is well established and is making rapid progress under the encouragement of the Farmers' Union, the Co-operative Union, the respective technical associations, the travelling schools (*cattedre ambulanti*) and a liberal State credit policy. Co-operation in olive-oil making is less advanced, but there are several large mills and it is being promoted. The sequel of marketing collectively the produce jointly prepared is fairly general: wine made from the pooled grapes of members is inevitably marketed in bulk; a deep-rooted individualism in some districts has retained, partly to provide for home consumption, an ancient method of de-pooling cheeses made from pooled milk; the State tobacco Monopoly demands grading, which leads to collective curing and selling; when the silk mills stop buying the Co-operatives' raw silk, there is nothing for them to do but to try to carry the processing further and spin and weave and sell the finished goods themselves for what they can get.

The collective dairy is the oldest form of Co-operation in Italy, dating back to the early sixteenth century, possibly earlier. There are still said to be some societies working on the most primitive method of all, namely, pooling milk for making cheese in a member's farm-house, each in turn, that member taking the product of the day. But a search in the Alpine valleys above Udine among the many *latterie turnarie* showed that the last of its kind had recently developed beyond that earliest stage into the next one, and was employing its own cheese-maker (a woman) in a rented building with convenient storage room and excellent appliances nearly all made by the members themselves.

Here, however, as well as in many societies advanced to the third stage, in which the society owns an adapted building or has built one of its own, the turn principle survives in each member in turn assisting the cheese-maker on his day, and in the manner in which the member gets value for his deliveries: tally is kept of each member's milk deliveries and the cheese of the day goes to whichever member has the largest total quantity of milk to his credit. Sometimes the day is shared by two or more of the smaller producers. Whether, mathematically reckoned, this is equitable or not, centuries of experience approve it. The cheeses are stamped with the society's mark and with the turn member's own membership number, and are kept for maturing two months or so in the society's store house, when he takes away what he requires for home consumption and either sells the rest himself locally or repools them for joint sale by the society. Not always re-pools, however; some sturdy members still demand separate accounting for sales. Centrally located societies act as collecting stations for both butter and cheese, constituting a loose but economical network of marketing which is gradually taking more practical form, especially in the elimination of competitive selling by the receiving stations.

The next step in a dairy society's development after building its own factory (often found to be second only to the church in size, and rivalling it in architectural interest) is to abandon the turn principle altogether and become a *latteria sociale* in which milk and produce are pooled and milk accounts are paid in cash, weekly or monthly, as in the more familiar Co-operative dairy. This form of society has in itself, however, in Italy as elsewhere, one danger to which the turn society is not open: it has sometimes happened that the cheese-maker, becoming paymaster, takes to buying the milk of his former employers and selling the butter and cheese on his own account. In such matters, the National Federation (1927) and the Co-operative Union are vigilant, and today any cheese-maker who shows ambition to become an "industrial" has to go. Such abuse of Co-operative trust is regarded as a social offence and,

if he is a member, the defaulter is also expelled from the Fascist Party.

Co-operation is thus deeply rooted in the dairy industry, and it is through the Co-operative organisations of the industry that the technicians are improving production, especially in butter-making. The consumption of butter has lately been increasing, thanks partly to a few years of cheap imports, and more attention is now being given to improving the quality and increasing the volume of production under cover of a tariff intended to be prohibitory. But cheese is a big item in the Italian dietary, and is likely to remain the more important product of the village dairy. Italian milk production actually is not much greater than that of Denmark, but in cheese-making Italy is second only to Germany.

The Farmers' Union in 1930 gave the number of Co-operative Dairies as 3,224. The value of their buildings and equipment was put at 209,700,000 lire (£3,495,000) and turnover at 382,562,000 lire (£6,376,000). The proportion of cheese to butter was roughly 4 to 1; in 1932 the proportion was 3½ to 1, showing the increase of butter-making. The report of the National Federation of Co-operative Dairies for the year 1932 covered 3,666 societies, with 243,068 members. Total output had increased and collective sales were approaching one-fourth of the national butter and cheese production, with an equal volume of liquid and condensed milk, not including milk wholesaled in towns by Co-operative centrals. There must also be another not inconsiderable figure to add to total Co-operative turnover, as more than half the dairies (1,892) work on the turn plan under which the cheese taken for consumption or private sale does not get any money valuation.

Five-sevenths of the national milk production is in the North and it is here that Co-operative dairies abound. In Udine and other peasant dairy farming regions, the industry is entirely Co-operative. Lombardy, Piedmont, the Venetian Provinces and Emilia account for all except 103 of the Co-operative dairies, and of these 86 are in Sardinia, where they have made rapid progress in recent years.

New dairying districts are also being called into existence by the vigorous Fascist policy of land reclamation and settlement. The case of Rome itself is the most striking and in some ways unique. Until recently the capital's milk supplies came from Lombardy. As the unhealthy plains and barren hillsides around the imperial city were made fertile by drainage and settlement, dairy farming began to appear on a commercial scale. A farmers' Co-operative society was formed to sell liquid milk in the city. The protests of the importing distributors, the United Dairies of Rome, went not unheard but rather surprisingly answered: no vested interests were to be allowed to stand in the way of the development of Rome's own regional milk supply, which, on the contrary, was to be paid a premium. Co-operative supplies increased under these favourable conditions; they became sufficient for the city's total consumption; importations ceased; the Co-operative society (Centrale del latte) was given the wholesale monopoly under strict municipal control of quality and prices. Today Rome receives more milk from its own districts than the city consumes liquid and the Central has gone in for making butter. In the Province of Milan the dairy farmers have a Co-operative society with 1,000 members to supply the city, distribution being controlled by a Committee on which the Farmers' Union and the consumers' Co-operative society are represented. In most other large towns the Milk Central is run by a Co-operative society or by the municipality, sometimes in collaboration. Regional production and the Co-operative assembly of a town's supply is encouraged wherever local dairy farming is possible, and in many regions where it was until recently considered impracticable. The export of cheese, however, which is considerable, remains apparently in private hands and accounts for a large proportion of the industry not Co-operatively organised.

Co-operative wine-making is of more recent origin. A few small societies were working in 1870 and a few larger ones appeared as a result of Government assistance at times of crisis in the wine industry, especially following that of

1903-04. In 1922 there were 62 societies with 7,461 members. But the establishment of a wine society is an expensive business and there was difficulty in obtaining the necessary capital for any considerable extension of them until 1927. In that year the Agricultural Credit Committee of the Ministry of Agriculture decided to include the building and equipment of Co-operative wine cellars and distilleries in its program of agricultural revival; assistance was provided to the extent of relieving the societies of $2\frac{1}{2}$ per cent interest on borrowed capital, and in certain areas of special development up to $3\frac{1}{2}$ per cent, thus enabling a society to start with a large proportion of borrowed capital. A special law of 1930 provided for the expropriation of sites required by wine societies. In 1931 a State grant was provided allowing societies 20 per cent of the cost of building or of purchasing existing private plant. By 1932 there were 158 wine societies with 15,869 members and a cellarage capacity of about one and a quarter million hectolitres, requiring about 200,000 tons of grapes.

Members of wine societies contract to deliver specified quantities of grapes; no grapes are taken on any terms from non-members. They receive a small advance payment on delivery; after the wine is made, a further advance, based on its quality and the market price, is distributed, and a final payment is made when the wine is sold. After shares are paid up, deductions are made from each payment to pay off the borrowed capital. (A society which had borrowed £7,000 in 1931, had paid off £5,400 by 1934.) The society aims, of course, to get a good name for the wine of its district, such as attaches to the wines of Orvieto, Chianti, Salerno and so on, and several of them have already succeeded in putting entirely new districts on the map. A central wine marketing office was established in Milan in 1930 by the National Federation of Requirements Societies; as co-operative production increases and becomes standardised at a high enough grade, the societies will be in an advantageous position to go into the export business. At present, however, they have no difficulty in disposing of their produce at home at a price that gives members a



PLANT OF A CO-OPERATIVE WINE SOCIETY (LATISANA)



A CO-OPERATIVE SILK SOCIETY'S DRYING PLANT (PORDENONE)

return well above that of the individual wine maker. All the societies today are members of the National Federation of Co-operative Wine Societies, organised by 15 societies in 1922, which helped to secure the favourable legislation and is concerned not only with the interests of existing societies and the promotion of new ones, but conducts extensive Co-operative propaganda and an educational campaign in the choice and growing of vines and the technical knowledge of wine-making on a large scale. The Federation has also promoted a number of Co-operative distilleries and societies for the utilisation of the residue of the grapes.

Co-operative organisation for the collection, drying and sale of silk cocoons dates from 1900, when the first society was formed on the initiative of the travelling school of Cremona. The drying is a delicate operation and requires expensive plant and exact technical knowledge, and progress was at first slow. There were 17 societies in 1920; by 1925 the number had doubled, and in 1932 there were 128, two-thirds of them being in the Venetian provinces, where production is highest, and handling about one-fifth of the national production. A further considerable quantity goes to market through other farmers' societies. The progress of recent years is again mainly due to the liberal interpretation of "agricultural" credit, obtained for the industry by the Silk Producers section of the Farmers' Union, which also drew up the regulations concerning the public exchanges for the marketing of raw silk. The chief function of the Section is the promotion of Co-operative societies, and this is proceeding rapidly since it has been ascertained that collective drying and marketing makes a saving of several pence per pound weight for the producer. The Farmers' Union, in collaboration with the Federation of Requirements Societies, established a central Co-operative marketing agency in Milan in 1930, which has a rapidly increasing turnover. It publishes a monthly marketing bulletin which is sent to the Co-operative societies, the provincial unions of silk producers and to the requirements societies. Members, on delivery of the cocoons to the

drying warehouse, receive warehouse receipts which are negotiable at the agricultural credit institutions. Since 1929 the societies have had special privileges in the assessment of income tax and they are also exempted from the payment of the tax to which private sales are liable.

The crisis in the silk industry has been and still is severely felt by the producers, for whom, worse than the low price, is the reduction of manufacture and the closing down of factories. A few of the societies have taken to spinning and weaving; one at Codroipo is producing both fine and rough material which it can afford to sell at extremely low prices. The Federation is watching these experiments with interest and if they are successful the encouragement of joint manufacture by the societies will be considered. In this, as in other relations between producers and consumers, Co-operation will be given something more than a fair field if it proves competent.

As regards cutting out the middleman, the program of the tobacco-growers has been quite definite from the first formation of the Tobacco Section of the Farmers' Union in 1929. The manufacture and sale of tobacco is a State monopoly, and the Section's ambition from the first has been the complete Co-operative organisation of the producers in direct relation with the Monopoly, the consumer being sufficiently protected by the relations of the Monopoly with foreign markets. This policy, being more outspoken though not essentially different from that of Co-operation in other fields, naturally aroused controversy. It was endorsed, however, by the Congress of Rural Co-operation, in 1932, in the general terms referred to in a preceding chapter and categorically in the adopted report of the organised tobacco-growers. The policy is not concerned with the Monopoly's concessions for the controlled manufacture of the finished article, but takes out of capitalist hands all the intermediate stages, including curing and grading, between the producer and the Monopoly. There are already 22 growers' societies with extensive drying and curing factories. They regulate the planted area at their annual members' meetings, according to the amount of

tobacco required by the Monopoly. Tax concessions and the favourable terms of agricultural credit for building purposes are also extended to these societies. One in the province of Udine with 400 members had just built a new factory with 22,000 cubic metres drying capacity, borrowing £17,000 which it expected to be able to pay off in ten years.

The Co-operative processing of agricultural produce, and its consequent collective sale, favoured as it is by Governmental credit and as an essential part of the policy of the Farmers' Union, is thus seen to be making rapid progress. It is one of the sections of national economy regarding which the Fascist state is most heavily pledged to the Co-operative method, and it is not unreasonable to look forward to a time when the agricultural producers, everywhere organised for these purposes, will have completed this important section of the Co-operative bridge between producers and consumers.

V. ENGINEERING AND LAND RECLAMATION

SOCIETIES which undertake road-building and engineering jobs, and the reclamation of waste land, comprise the largest section of the National Federation of Labour and Production, in which a great variety of other societies are included. Their functions are peculiar, however, and their importance in the social and economic progress of the country sets them apart from the less dynamic organisations of transport and industry, while the farming and fishing societies, also, can best be separately described.

Labour societies have long been a special feature of Italian Co-operation and in the wild days after the War had a violent development followed by an equally violent reaction. For a time their many local federations obtained a monopoly of public works contracts. A great many societies which started in that period had little or no foundation but the solidarity of their members and the favouritism they thus enjoyed; being strongly class-conscious, they avoided employing experts outside their own ranks. But a number dating from this period still exist, and of those which had an earlier origin and more experience, and were either friendly or did not persist too long with their political opposition to the newly established Regime, nearly all are flourishing. There is a slow but steady growth of new societies and their formation is encouraged.

Co-operative labour societies are not in these days simple associations of labourers hiring themselves out for collective employment, though that is the origin of many of them and is still a first step toward becoming the Co-operative body of public contractors, which best indicates the character of the established societies. Not all the 905 societies affiliated to the Co-operative Union have reached that

level, although it is surprising what elaborate contracts are undertaken by small societies, individually as well as in combination. Local federations of societies employ qualified engineers and assessors. They can take the whole responsibility of any engineering job in the country, from the simplest road-making to the most elaborate building, the most extensive tunnelling, ditching and canal and bridge-building. There is no limit to the value of contracts they can legally undertake with the approval of the Ministry of Labour and the Public Works Board. There was something apologetic as well as defensive in a recent statement by a Minister that "not all public works contracts are given to Co-operative societies." In practice they are supposed to make bids like any other contractor, but in fact their experts are so keen and their overhead expenses so economical that they rarely lose a bid, and contracts are often made by treaty.

Their position in this respect has been greatly strengthened by the generous terms on which they agreed to a settlement of one of the most difficult controversies which has arisen between them and the Trade Unions to which their members are eligible. It was not the matter of Trade Union membership, a delicate question sometimes, regarding which practice varies in different societies, some having elected to act as registration agents for all their members, others to leave members individually to join their unions or not as they are inclined. It arose in the days when unemployment was increasing. The Trade Unions not un-naturally objected to the privileged position in which members of Co-operative labour societies found themselves for securing employment, especially in those societies whose equipment and reserves put a high premium on the admission of new members, not usually admitted in any case when work is short. After much discussion, and as unemployment became a national problem, the societies agreed to share all contracts with a proportion of non-members, for the period of employment to be treated as temporary members, paid at the same rates and taking an equal share in profits, excepting the amount normally

required for equipment or placed in reserve account. By arrangement with the local unions or labour exchanges, a rotation of employment is secured in regions where it is short, and it speaks well for the discipline and Co-operative spirit of the societies that this practice is generally accepted. Some societies, it is true, in any case often need the assistance of non-members for the completion of a job in contract time, and habitually also put them on the same scale of wages. But the present state of the labour market, while not so bad in Italy as elsewhere, means material sacrifice by members of nearly all societies.

Taking a year before this sharing of work with non-members began, 1929, in point of members, Ravenna, cradle of the movement, still leads the Provinces, with a membership of 11,887 in 58 societies and a year's work (for 38 of those societies with a membership of 5,454) amounting to £313,000. The neighbouring provinces of Bologna, Modena and Reggio Emilia, each with something under 7,000 members, show a larger work account, rising to £558,970 for Modena. The Province of Naples, with less than 1,000 members, has an account of £280,000. Florence, with 1,200 members, has £225,700. The Province of Milan, with 2,000 members, shows about the same amount. The variations in apparent earnings per member are mainly due to the inclusion of societies which would properly be classed with the industrial societies as small Co-operative factories. Thus the work account of the Province of Turin, where there are many of them, works out at £391 per member; in Genova at £223; Brescia, £164; Cremona, £145; Treviso, £187; Venice, £130; and falls at once where the total turnover represents unskilled labour wages, for instance, Forlì, with £80 per head; in the Southern Provinces it drops as low as £40 and in some of them whose returns are incomplete, probably lower. The Province of Cagliari, in Sardinia, ranks comparatively high, with £95. The figures cannot, however, be taken as more than very uncertainly indicative of the standard of living, for various reasons; for one thing, members of labour societies naturally seek employment elsewhere when

it is their turn to lay off or when their society is not working; in rural districts, frequently on their own small bit of land.

Some idea of the character of the strictly labour societies included in the 905 with which this chapter is mainly concerned, may be given by a few examples. The stonemasons society of Casale Monferrato did a year's work amounting to £35,000 and showed a profit of £1,260 after paying wages. A similar society in Bologna, one of several, had contracts amounting to £57,800; the Faenza labourers, carters and masons society, £77,930; Cesena carters, £17,620, masons, £38,600; those of Forli, £18,000 and £20,200; and in hundreds of smaller towns, whose names would mean nothing to English readers, labourers, masons, carters, billstickers, street-sweepers,¹ and other unskilled or semi-skilled workers carried out contracts of their societies for amounts that vary from a few hundred pounds, for societies with only a dozen members, up to the figures given above for a few of the larger societies.

In these societies, needless to say, there is no difficulty in getting full attendance for the annual meeting, when the executive committee and officers are elected and the expert employees chosen by the committee are approved; or for special meetings, when estimates and contracts are discussed. The societies also elect their representatives on the council of local federations of societies, through which the larger contracts, often calling for the special services of a number of different kinds of societies, are negotiated.

Detailed statistics of labour and production societies are published by the Ministry of Corporations at intervals of five years; they are not classified according to their functions, but regionally, and they are evidently incomplete, as those of some of the best industrial societies visited do not appear. With the totals for last year (1933)

¹ All these are common, but one also comes across unusual societies, for instance, one in Ravenna, whose name translated literally is "Co-operative Society of Workers for the Expurgation of Black Wells"; its 10 members had accumulated reserves of £200 and were doing a business of £3,200 a year.

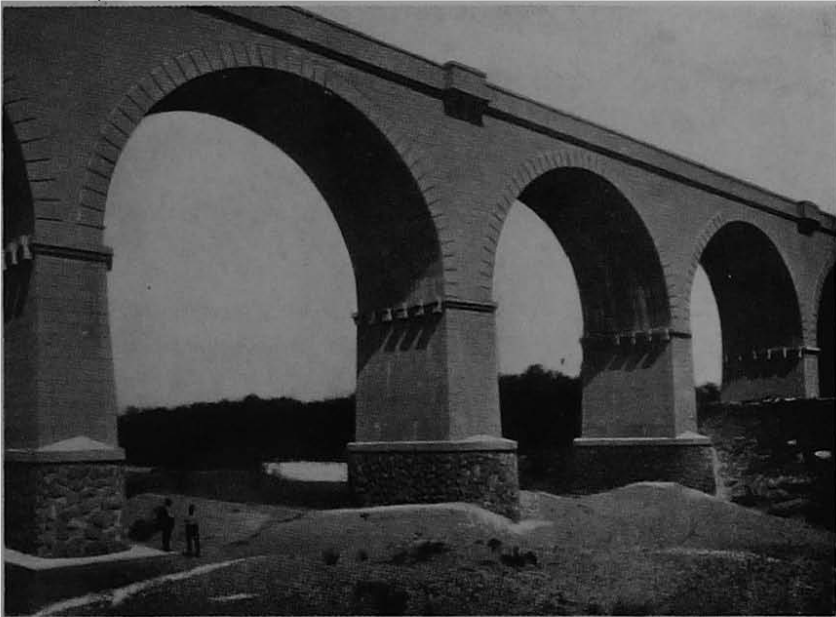
40 CO-OPERATION IN CHANGING ITALY

provisionally furnished by the National Federation, the statistics show the following progress :

	Societies.	Members.	Paid-up Share Cap. lire.	Value of Work Done. lire.
1924 . . .	1,289	129,811	18,329,361	285,475,635
1929 . . .	1,011	88,698	21,372,572	330,336,896
1933 . . .	1,150	88,045	35,228,000	561,254,477

Reserve funds have not varied much, remaining about 20 million lire. The most notable change appears to be the fall in total membership from 1924 to 1929; this is said to be due to revision of the lists of members, which had been neglected in the preceding years; the decrease in the number of societies was also partly due to stricter application of the law, to liquidation of moribund societies, and to amalgamations. The fall in membership in the last four years is, in effect, negligible, while the number of societies has increased. The improved character of the societies is indicated by the large increase of paid-up share capital and the very large increase in the value of work done, which is actually greater than the figures show, as the lira in 1933 was worth much more than in 1924 in internal purchasing power; twice as much in terms of sterling. There are many societies listed which have made no returns of work done, and for other reasons the average of work per member is not a useful indication of progress. Though it shows £62 per member in 1930 and £106 in 1933, much of the apparent increase is no doubt accountable by the sharing of work with non-members.

Cold figures of today may show pale beside the glowing ambitions of the early Twenties, but the two things are not really comparable. The movement today is the solid achievement of societies of working-men, mostly unskilled labourers, as efficiently organised, technically as well equipped, financially as sound and as carefully audited, as any capitalist firm, and competing successfully with them. They are safeguarded by law from developing into capitalist organisations, and by the solidarity of their members, which is as much in evidence today in its disciplined exercise as it ever was. The danger of the ascendancy of a techno-



BRIDGE BUILT BY A CO-OPERATIVE LABOUR SOCIETY (MAIANO)



TYPICAL CO-OPERATIVE LAND RECLAMATION WORKS

cracy, domination of the members by the experts they employ, is not to be disregarded, but among the many seen, as among the officials of other sections of the movement, there was such evident satisfaction and pride in the particularly Co-operative character of their employment, that the danger, to say the least, is not a present one.

To describe the material achievements of these societies would require a volume in itself; to visit even the largest of them would have taken weeks. Visitors can see in a day one of the proudest areas of reclamation and settlement, near Rome, where new towns are rising out of what was until recently malarial swamps. The best part of a day was spent motoring round the less famous works in the Maremma, where miles of wide canals, spanned by concrete bridges, scores of miles of smaller canals, enormous dykes and seagates, have mastered a river that for ages has soaked and soured a plain of some millions of acres with its tidal waters. The work took ten years and cost £180,000 for land reclamation and £212,000 for bridges and other building. Of these totals, 70 per cent went in wages, paid equally to members whatever their job. Some miles away was established a Collective Farm of 2,000 acres; four years ago its thirty members were landless peasants; they had also been members of a group of societies which had participated in a 20-million lire contract for land reclamation. Many more thousands of reclaimed acres have been divided into separate holdings. But it would be disregarding historical values and one of the great opportunities of dramatic narrative in all Co-operative survey, to let further description of these, or of the wonders of Sabaudia or Littoria, stand in the way of the story of the Romagnoli at Ostia, typical as this is not only of the development of the labour societies into farming societies, of the bringing together of landless workers and unworked land, of the solution of unemployment by land reclamation Co-operatively undertaken, but also of the pioneering spirit which has long inspired the labour societies of Italy and still inspires them.

One September afternoon in 1884, a donkey-cart driven

by a young labourer all the way from Ravenna, got in the way of a fashionable carriage in one of the most elegant thoroughfares in Rome. The liveried coachman lashed the donkey with his whip. The labourer leapt down, pulled the other off his box and gave him a lesson—at a cost, to the labourer, of one day's imprisonment. This delayed by one day the reclamation of Ostia and the restoration of her classical seaside resort to imperial Rome. He was the advance agent of the Ravenna Labourers' Co-operative Association, come to prepare the way for the gallant Six Hundred, drawn by lot from the society's membership of 3,000 to face an ordeal of natural war. The "bad air" of the swamps was infecting Rome itself; there were only three people living on the deserted battlefield when the Six Hundred arrived to renew the abandoned fight; there were barely one hundred of them left alive when the field was won. They had left Ravenna in November, 1884, in a special train, their shirts or blouses (we are not told what colour) marked with the monogram of their Co-operative society; they had been fêted at every station, and especially at Ancona—through which city they marched "in military formation amidst the applause of the populace"—but had been warned by a fearful Government to keep away from the streets of Rome. They had carried on, shivering with malaria, even when they lost about £3,000 through the capitalists, who had passed the contract on to them at a profit of 16 per cent to themselves, going into bankruptcy; they had built 17 miles of canals and endless ditches; they had reclaimed 150,000 acres; and filled two cemeteries with their dead. That was the end of a chapter; they began the next by forming two local Co-operative societies, one of them to carry on the cultivation of the few acres grudgingly rented by the Government to those who had reclaimed them. That was in 1904. Nor would the post-War Government make any concession to the land-hungry Co-operative colony. They welcomed the new Regime and, in 1923, joined the new Fascist syndicate of Co-operatives. Then they obtained a generous grant of land through the personal intervention of Mussolini; in 1926 he accepted

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their invitation to become a member of the Agricultural Society. He was not, however, required to dig the hectare assigned to him in the "battle of the wheat"; others tended it so well that it produced 28 quintals against an average of 18. Through his intervention, also, the long-cherished project of the Secretary of the Agricultural Co-operative, the original advance agent of the Six Hundred, an electric railway between Ostia and Rome, was realised. Finally the handsome motorway was built and Ostia once again became the popular resort of the Romans.

The Collective Farm of the Romagnoli at Ostia now has 89 families with a paid up share capital of about £5,000 and reserves of £1,800.

VI. FARMING AND FISHING

REFERENCE has already been made to the more obvious aspect of the agricultural revival in Italy, the increase of production, and to some incidents of collective land reclamation and settlement. But in order to appreciate the rôle in settlement, tenure and cultivation which Co-operation is playing and, still more, the larger rôle it is likely to play as time goes on, some brief but wider consideration must be given to the social aspect of the agricultural revival and the peculiar circumstances in which the present policy was evolved.

We heard very little about the early development of the Fascist movement in the agricultural community, yet it foreshadowed here the present general policy of the Regime much more clearly than it did where the struggle was more confused. The agricultural issue was a more simple one. Labourers as well as landowners were members of those early rural groups, and it is evident that the latter thought they were going to have it all their own way, especially when the "invasion of the land" began to be found in fact not only unpractical but disastrous. Their national union of those days, the Agricultural Confederation, showed how little they understood Mussolini's policy when, in the first flush of reaction at the end of 1921, it organised the Agrarian Party. The Fascist leader waited some months before moving, no doubt meanwhile building up the strength of his rural units. Then, in a magazine article which appeared in April, 1922, appraising the numerical power of his following, he declared with pride that more than half of Fascism in the Valle Padana provinces was rural, but added pointedly: "rural and not agrarian." He went on to mention the Agrarian Party and the Confederation, recalled that "repeatedly Agrarians have encountered—not met—Fascists,"

and concluded : " There is bad blood between Fascism and Agrarians." A few months later, but before the March on Rome, the Bologna district branches broke away from the Confederation and made common cause with the new (Fascist) peasants' and labourers' syndicates (unions). The movement soon became national. The Grand Fascist Council at first seems to have been afraid of it ; but it was finally " recognised " in 1924 ; the new Confederation (or Farmers' Union as its name has been translated here to avoid the confusion of so many federations and confederations) soon after took the place of the old one. English readers will be able to envisage the revolutionary character of these changes if they can imagine the Central Landowners' Association, the National Farmers' Union and the Agricultural Labourers' Union working together in corporate harmony for the social and economic progress of the industry, and on terms of equally friendly collaboration with the Co-operative Union.

Agricultural policy thus, from the beginning of the Regime, has had a constructive social as well as economic purpose. The new jointly representative body of the industry adopted a policy favouring land settlement and looking immediately to the more intimate relation of all landworkers with the land through their participation in the benefits of the industry by progressive modification of the various forms of employment and tenure. A few figures will convey the immensity and complexity of that task. In 1931, Italy had about 8 million landworkers ; roughly 3 million owned their land, 1 million were tenants, 1½ million metayers and 2¼ million labourers. For the labourers the policy now in force seeks in the first instance to reduce the day-wage system to the minimum and to improve the social and economic position of the regular wage-earner by giving him a share-interest in the produce ; various forms of such co-partnership are practised. For the metayer, various improved and standardised contracts are being tried. The system varies from Province to Province, according to the traditional manner of dividing outlay and proceeds between landlord and peasant ; it gives continuity

of tenure and other advantages to the peasant, which are now being better secured to him. Peasants in some of the Northern districts, for instance, own the livestock and pay 3 quintals of grain per hectare and half the wine and silk as rent of houses and land. In other Provinces they own nothing but their tools and furniture and their share of the crops. Half share in ownership of the livestock is being made general. The depression is favouring such developments. It is also giving opportunities for the acquirement of land ; but the process, individually, is a slow one ; only Co-operatively can it be done on a large scale. Although not very extensively established, therefore, it is none the less significant that collective tenure and collective farming are accepted as proper and practical methods of agricultural development.

To the Fascist mind of Italy there is nothing anomalous in the existence of Collective Farms in that country.¹ The only official comment heard regarding them was regret that they are so few and that the process of taking over the large estates by the peasants, particularly in the South, is so slow. As in Russia, the form of organisation (which is the only comparison that can be made with their development in that country) varies greatly, but includes also the extreme form of collectivism in which all the farm property is held in common and the proceeds are equally divided among the members. They mainly take two forms, due to Catholic or Socialist origin and influence : the collective leasing or owning of separately worked holdings, and the collective working of a leased or owned property.

Collective Farms of the latter type are found mainly in Tuscany, Emilia and Lombardy. Some of post-war origin lasted only a season or so and failed for various reasons. Those remaining are well worked and receive every encouragement from financial and technical sources to become

¹ We are so accustomed to hearing the words Communism and Fascism used as a political and economic antithesis that it came as a surprise to the writer when a prominent Fascist who had recently returned from a visit to Russia casually remarked : " They are trying to do what we are doing but they are badly handicapped by lack of technical knowledge and equipment."

model farms. The other form is popular in the South ; in Sicily, among 77 societies, only 90 acres are worked collectively and 41,573 acres are divided among 19,200 members—small lots, but sufficient under intensive cultivation to maintain a family at a better level than the traditionally low standard of the South.

An economically intermediate form of Collective farming is that of the farm labourers' societies which undertake cultivation by contract. These specifically agricultural labour societies, associated in their own National Federation, represent the landless peasants, the poorest element of all. In 1932 they numbered 99 with 16,397 members and a total subscribed capital of 1,318,167 lire (£21,970). They can, since 1923, undertake contracts up to the value of one million lire (£16,666) and beyond that figure if approved by the Minister of Labour. Contracts are paid by instalments and from 1 to 5 per cent of each payment is deposited as guarantee, according to the value of the contract, until it is completed. Their tendency naturally is to acquire land as opportunity offers for permanent settlement, either on lease or by purchase, for which credit is available on favourable terms. When a large estate comes into the market, the Federation makes it known among those societies which may be in a position to make a bid for it even if they are not native to its district. The redistribution of the agricultural population is part of the rural policy of the Regime, and it is not an unusual sight to see a trainload of emigrant families going from a congested district to take up land elsewhere. Owing to their mobility, these landless farming societies took the part of shock troops in the "grain battle," attacking the strongholds established centuries ago by the weeds that strangled the Roman Empire.

The total number of farming societies, including those which have still to acquire land, was given as 343 in 1932, with 70,732 members and a total subscribed share capital of 8,709,118 lire (£145,152). The land owned by these societies was 16,500 acres, and that leased by them (most of it in perpetuity and at a nominal rental) was 85,878

acres, of which 18,578 acres was also worked collectively. There are now 399 societies cultivating 253,750 acres.

In addition to the farming societies and the marketing bodies referred to in a previous chapter, societies of market gardeners and fruitgrowers abound in the neighbourhoods of the larger towns, frequently holding their land Co-operatively. In some cases they sell direct to customers at the Co-operative shops; in others, they have their own, but mostly sell on the market.

Fishing societies are categorically included in the National Federation of Labour and Production, but it seems more appropriate to deal with them here as they are much more closely related to farming societies. The boatless or netless fisherman is the economic brother of the landless peasant and his livelihood also is the subject of special legislation designed to put him, as well as his better provided mates, in the way of a higher standard of living through the increase and improvement of his equipment and the modernisation of his methods of catching, transporting and selling his fish, by the complete Co-operative organisation of the industry.

In a sense, every fishing boat in Italy, as often elsewhere, is a small Co-operative society, consisting of the owner-skipper, who takes two-shares of the catch, and the crew, who take one each. Boat for boat, however, it is a following which has in some waters an intensely individualistic tradition, and not least where the apparently disciplined manoeuvres of the fleet may be most admired. Chioggia, most picturesque of all fishing ports, is the one black spot in the Co-operative system. "It will take us years to get the idea into the heads of those bandits of the Adriatic," said an organiser.

The Co-operative development policy is not limited to the organisation of existing masters of craft, but includes facilitating the acquirement of boats for the extension of deep-sea fishing and of nets and other equipment for coastal and fresh-water fishing by members of Co-operative societies. Special societies also are promoted for conservation and stocking. Fishing societies, therefore, enjoy all the prefer-

ences accorded to agricultural societies in exemption from certain taxes and the provision of easy credit. Special credit is available for building larger and better boats, which is often undertaken by Co-operative shipbuilding societies.

Organisation is proceeding apace. In 1933 it had brought within the circle of its 74 societies half the national fleet of 1,200 fishing boats equipped with motors, and one-fourth of the population designated in the census as occupied in the industry; 8,000 of the 35,000 organised fishermen were owners of boats. Ten of the societies were for fresh-water fishing.

Organisation of marketing has been the main concern of the Fishing Section of the Co-operative Union recently, and in several important centres has now been carried to completion. The first step in each case is to get all the fishing societies of the district to federate for marketing purposes; the next is to obtain control of the wholesale markets of the city and neighbouring towns. In Naples, where fish is more popular than meat, a handsome new market is being built by the local federation of 14 societies. The Province, the City of Naples, and four neighbouring Communes are shareholders in the Marketing Federation up to the Co-operative limit of 30,000 lire each, and the societies 500 lire each; three representatives of the public bodies sit with the elected committee of the societies. The balance of required capital was available under a clause of the Fishing credit law of 1931 (No. 149) extending its provisions to the building of wholesale markets. The Marketing Federation has been granted a monopoly of wholesaling in the territory; only direct sale by fishermen to consumers and by the societies to retail fishmongers is permitted outside its markets. Sales are largely by auction, a limited number of auctioneers being employed by the Federation, while a few of the others who have been put out of business by Co-operative development are employed as market inspectors, included in their duties being the not uncongenial task of keeping a sharp lookout to prevent the formation of buyers' rings. The amount deducted from sales as market fees is $1\frac{1}{2}$ per cent, plus 4 per cent if sold by auction.

Profits at the end of the year are distributed Co-operatively to the societies.

Some fishing societies ship directly to the larger internal markets, which it is purposed in due course to transfer from the municipalities to the local consumers' societies; this has already been effected in Turin. Some of the lake-fishing societies export to France and Switzerland. But the establishment of local wholesale markets controlled by the producers at all fishing ports is the immediate program of the National Federation, and has already been successfully initiated in all centres—excepting always Chioggia.

The next problem the Federation has set itself is the systematisation of credit, through a national Co-operative fishermen's bank, and insurance, which it is purposed to facilitate by deducting the premiums from sales instead of collecting from individuals as at present.

Another function of the Federation is the settlement of disputes, many of them of traditional age and bitterness. As an example of this it is worth repeating the fishing story of Lesina.

The lagoon of Lesina (Alexina of classical times) is a marshbound lake with an area of about 30 square miles on the Adriatic coast of Foggia. Its fish have been regarded as a delicacy, and the value of its fishing rights has been the cause of interminable disputes, for many centuries. Kings have ceded the fishery to princes; bishops and barons have wrangled over it; bankrupt royalty has disputed it with communes and moneylenders. In 1411 the fishing is part of the estates of a Church institution in Naples; in 1625 the Holy Council of the Church is called upon by one of two neighbouring communes to mark boundaries; in 1806 the communes obtain a judgement of the Feudal Commission against the "ex-Barons." That date may be called the beginning of the modern wars of the lagoon of Lesina, though not the end of medieval complications; for the Imperial Prince of Sant' Angelo had moved the famous boundary marks, according to the University of Sannicandro, after the other University of Lesina had given him the fishing rights over "the whole

lagoon"—very rashly, since there is good fishing all the way up to the marshy suburbs of Sannicandro. The expropriation of the Prince of the day, by proceedings which drifted along from 1820 to 1846, left a residue of inherited rights which aggravated the main quarrel between the two communes. By the opening of this century, there had been so many judgements against this and that claimant, that any fishing there had become flagrant poaching. In the post-War years, then, sole poaching rights were asserted by one commune to the impoverishment of the other and of the lake itself, and fights on the lagoon and in the courts continued.

In January, 1933, the Co-operative Union took the first legal step toward a solution of the centuries-old controversy, by getting a definition of legal claims; in March the interested parties were called together; in May they reached an agreement; in July the agreement was made effective by the Union securing to two Co-operative societies, formed with its help by the fishermen of the two communes, the exclusive fishing rights in the lagoon, and to a joint association of these two societies the sole right of selling the produce of the lake, the claimants of part hereditary proprietorship obtaining a percentage of the profits as rent, *pendente lite*. The Association is also carrying out a long term plan for the development of the fishery, for which a sum of about £12,000 is to be put aside; in this matter the Association works under the regulations of the appropriate Ministry, while remaining financially and constitutionally autonomous. The first year's working of the scheme, in spite of depressed prices, has brought a measure of prosperity to the two communes such as they have not known for generations.

VII. TRANSPORT AND INDUSTRY

THE Co-operative organisation of transport services has made great progress recently and in some branches has been carried to completion. Societies of stevedores and railway porters cover nearly the entire organisation of those services in the towns ; river transport and the sailing and small steamer freight services of the Adriatic ports are entirely run by Co-operative societies. Road transport societies are numerous and taxi societies are gradually ousting the proprietary services in the cities. A railway society, dating back to 1904, still owns and runs two lines of railway in Reggio Emilia, comprising 37 miles of road, with 8 locomotives and 24 passenger and 100 goods wagons.

The railway porters' society is a form of co-operation regarding which the observant traveller, while he must appreciate it as having replaced scrambling by discipline, and uncertain tips by fixed charges, may get a false impression. He will observe his porter, having received his fee (and probably something extra, fees being very low), looking round carefully with the money in his hand. Knowing perhaps that all the days' receipts are pooled and shared equally, after small deductions for the society's funds, the cynical observer will draw his own conclusions. The porter, however, does not put the money in his pocket but is looking round for one of his fellow members, to whom he hands it, at the same time very likely receiving a coin in return, the other porter's tip. In this way the cash in each man's pocket is not his own, but the society's and is respected accordingly. Some societies pool fees and not tips, but as one porter rather sadly put it, the complication is hardly worth the result.

A porters' society has the monopoly of a railway station

by virtue of its contract with the (State) railway, under which the society guarantees adequate service of all kinds, including the cleaning of the station. Sometimes there is no money payment in the transaction, a "good" station yielding enough in fees and tips to compensate the cleaning, which is usually assigned to the older or weaker members. Sick pay and pensions are paid by the larger societies, whose membership may run over the hundred; many smaller stations have their little society of a dozen or so. The Milan Society has 140 members with a paid up share capital of £3,650 and reserves of £200, to which they added £41 at the end of the year. Forli, with 52 members, also has considerable capital and small reserves. Bologna, with 40 members, has a share capital of only £40 but reserves of £7,500. Rimini has 22 members; Venice, 60; neighbouring Mestre, 38; Udine, 13, and so on.

Special societies sometimes undertake the portering of goods. The Naples society of coal porters had a bad year in 1930 and showed a loss of £2,300, but had reserves of twice that amount. The stevedores of Spezia broke even with a turnover of £24,000, and the Royal Arsenal porters showed a profit of 8 lire on a million lire total. The 94 stevedores of the Calabrian port of Cotrone added a profit of nearly £200 to their reserves of £850. Stevedores in all the larger ports are similarly organised; in Genoa there is a Co-operative federation of port workers of all kinds. The steam tug service in ports is also Co-operative.

Sailing ships, tugs and motor-boats are built by Co-operative shipbuilding societies. All the small steam craft of the port of Genoa have been built by the old established (1883) Co-operative society of Genova-Sampierdarena, which today, as active as ever, has shares of no more than £4,300 held by its 310 working members. One little yard in Viareggio (20 members and 8 others) was just completing a fine little schooner and the pride the men took in her was immense. They had other smaller boats in hand; the capitalist yards were all idle.

The oldest society in the port of Genoa buys ships for scrapping. In 1930 it bought the *Mountainairn*, 17,000 tons,

in England ; prices of material fell heavily, and the society made a big loss. At the end of 1931, however, the Society still had £140 in its reserve fund.

Co-operative road transport services are common, both horse and mechanical, and every city has its Co-operative taxi society. Some consumers' societies which have not their own lorries, make contracts with transport societies. The water transport on the River Po and canals is Co-operative. The navigation society of Mantua has 125 members and boats and barges valued at over £10,000 ; it has been working for 25 years. The great recent achievement in water transport, however, has been the elimination of middlemen in the freight business of the Adriatic ports carried in sailing vessels and small steamers. The owners of these, usually working their ships themselves on a Co-operative basis, have formed Co-operative societies whose offices have now supplanted the shipping agencies. This was not accomplished without a hard struggle. The agencies combined and sought every means of defence for their vested interests. But the Regime does not recognise the right of any person or firm to stand in the way of such obvious improvements in the economic system, and the case was decided on its merits.

Societies of carpenters number 53. Metal-workers run them close, with 45 societies, some of them big affairs with such large assets in plant that a retiring member may take as much as twenty-five thousand lire. One of these, also at Viareggio, which also makes shutters and blinds and other building accessories, was repairing the rolling stock of the State railways ; 400 wagons were being overhauled and renewed, some with new wheels, etc., forged on the spot. The society has paid off all except 20,000 lire of its 4½ million borrowed capital.

Quarrying and stone-working societies number 43 ; some of the latter carry their work of sculpture to a point of artistry only rivalled by the pottery and glass societies, famous for years as much for their social initiative as for their art. It was the workers in the glass industry who first put into practice the syndicalist theory of 35 years

ago and formed workers' societies which are still running. The pottery societies have felt the pinch of hard times and have to depend on the making of tiles, ordinary tableware and kitchen crockery, and deplore the loss of custom, especially abroad, for their finer production. A large factory at Imola, however, was still employing four artists and doing some very beautiful work. This was the only place where anything in the nature of Co-operative dictatorship was observed. A stocky little man has been its manager for 30 years and treats members, committee and president, with equal indifference. Also visitors; the writer, with limited time, was left gaping at a pot for ten minutes while the manager "had it out" with the potter. "Please do not be offended," said a foreman, who was also in the visiting party, "for we can do nothing about it. The other day the King and Queen were here and he was showing them round when he got into an argument with a workman about the condition in which a pot had come up from another department, and walked off with him to settle the point there, completely forgetting their Majesties." The society, with 60 members and 60 apprentices and others, has reserves of £35,000 invested in members' houses and has 12 pensioner members who receive 50 shillings a week and free housing.

Other considerable industrial societies, in point of number and output, are the 38 printing works, some of them equipped with the latest modern presses, others still using now old-fashioned single rotary machines, but none the less favoured with orders by public bodies. All were busy printing the public notices of Co-operative society meetings which at this time of year, so many annual meetings being in March, are posted on the walls of towns and villages as thickly as beer advertisements on the billboards of London. One of the smaller societies, but a very efficient one, was just completing a big contract from the Ministry of Education, the printing of the complete annotated works of Mazzini, in no less than 100 volumes. The State railway timetables were also being Co-operatively printed, and telegram forms by the million. The societies employ a number of women

on these jobs, who have the privileges of temporary members. A member compositor, with double pride, showed the visitor his work, setting up the timetable of the "Direttissima," a new railway to be opened three months later, pointing out (a) that it reduced the time between Florence and Bologna from three hours to nearly one, and (b) that his brother's Labour society had carried out an 80 million lire contract on the new road.¹

Electricity societies, a few with their own plants but generally taking supply for distribution, numbered 57 in 1929 when they were limited to the alpine Provinces. They are now being formed elsewhere since the State has promoted a wider distribution of "white coal" power.

Among the various odd lines of work taken up by industrial societies, the Co-operative Harmonica Factory of Vercelli is interesting as an example of successful initiative. Thirty penniless ex-soldiers got the local savings bank to back them (with friendly guarantees) to the extent of £300 capital. They began on this the manufacture of harmonicas ten or eleven years ago. Today the society has a large building of its own, with workshops and offices, and boasts of exporting its instruments to America, France, Portugal and the Belgian Congo.

Finally, an interesting Co-operative solution of the vexed problem of the mechanical laundry's appetite for shirt buttons may close this chapter. Is such extreme and ruthless mechanisation and industrialisation of laundry work an economical necessity? The washerwomen of Milan have co-operatively proved that it is not, though they have gone far enough with mechanisation to bring their husbands into the business. The organisation of their society and of their work is based upon the family unit; it has now its own factory for making soap and all other requirements, but that is only incidental. Its main work is the building of houses with a suitably equipped laundry attached, that is, of a size—and with every modern con-

¹ Subsequently visiting Bologna, a handsome monument, which at sight was taken for a War Memorial, was found to be dedicated to the memory of "the glorious dead" who lost their lives in the making of the great tunnel, more than eleven miles long, on the new road.

venience in the way of water, heating, machinery and drying and ironing room—required for as much work as a family can undertake. They cost about £2,500 each and members pay rent of about £125. First they were built singly, but recently several groups of a dozen or so of these family laundries, looking very like our garden suburbs, have been planned and built by the society, whose 500 members have secured most of the washing of Milan that is not done at home. This society has the tragic distinction of having lost no less than one-tenth of its members (heads of families) in the War.

VIII. BUILDING AND TENANCY

BUILDING has been greatly stimulated during recent years, official reports agree, in nearly every Italian city, by Co-operative building societies. The speculative builder has shown up badly in comparison with the steady work that has been maintained by Co-operative effort. State and municipal housing authorities describe the societies as the most efficacious means of advancing the better housing of the working classes, and every possible facility is extended to them, putting housing, indeed, on the same favoured social plane as agriculture.

The societies take various forms, but among them the type of co-operative building societies with which we are familiar in England, is limited to a single institution ; credit on the long and liberal terms which the English societies provide to individuals is, for Co-operative societies, available as special building loans from the National Institute of Building Credit, but also at the National Labour Bank and other local banks ; the amount required for individual contribution can usually be obtained at the Co-operative banks described in the next chapter.

“ Building society ” in Italy may designate either a society of workmen (or a group of the various kinds of societies required) which undertakes by contract the building of a house ; or, a society formed by persons who want houses or (more often) blocks of flats to be built and subsequently occupy them as Co-operative tenants.

The working builders' societies are numerous and by combination are able to undertake building of every description. Handsome new Provincial headquarters of the Fascist Party have been built by them, besides other public buildings, post offices, railway stations ; also Co-operative factories and warehouses. They are constituted like other

labour societies, operate under identical conditions and are members of that National Federation. It does not follow that all the building promoted by societies of the other kind is done by working builders' societies, but there is a preference for it to be done by them, other things being equal, and credit is always available on better terms when the whole operation is taken out of the field of speculation. There is also a not inconsiderable saving on stamp duties on contracts, mortgages and so forth, when the transaction is Co-operative; buildings are exempt from the house tax for 25 years and get a small reduction of rates.

Building societies consisting of future and actual tenants constitute a separate federation in the Co-operative Union.¹ They come under most of the legal provisions regulating other societies, the same minimum and maximum shareholding, limitation of interest, annual general meetings, election of officers, and so forth; but they must appoint a qualified architect as manager. Members contribute also a small proportion of loan capital individually. A society loan may then be obtained for purchasing or renting the chosen site, and a building loan for 25 years with State contribution to the payment of interest, as in the case of Co-operative buildings for agricultural purposes. The choice of site and the architect's plans must be approved and the allocation of accommodation and terms of payment agreed in a special general meeting.

An example found applicable in Rome or Naples, of economies made in the case of middle-class flats, may first be given. An office employee will be paying, say, £10 a month rent for a flat with four rooms, kitchen and bath; as member of a Co-operative building society he will be able to obtain the same accommodation, probably better designed and in a better location, on terms which call for (1) his individual contribution of loan capital as determined by the society, on which he will receive the legal rate of interest, and (2) monthly payments of £6 which will cease

¹ The Co-operative Union itself has promoted a building society, in which Co-operative societies of all kinds are taking shares, the object of which is to build a "palazzo" in Rome worthy of housing all the national organisations of the movement.

after 25 years, by which time the site and building loan will have been paid off. In another case of a larger flat (3 bed, 2 reception, 2 halls, bath, kitchen, large balconies and sun-roof) the deposit was £400 and the monthly payment £5.

Societies of this character are building handsome blocks of flats (varying in capital outlay from £150 to £250 per room) in some of the pleasantest situations in Naples, Rome, Genoa and other cities. There are certainly 1,800 and may be more of them. Like other societies, they are not obliged to affiliate with the Co-operative Union. But the character of new societies which do not do so is regarded with some suspicion, and not always without reason, as was witnessed during a Provincial Secretary's interview with the President of one of them in which the President showed rather too much eagerness to be assured that he would not necessarily have to have his society's accounts audited by the Union.

The number of these building-tenants' societies now affiliated is 764. The most important of them are not, however, those of middle-class membership. The black-coat worker is simply benefiting by the pioneering experience of the proletarians who, more than a generation ago, pitched on Co-operation as their method of obtaining better and cheaper housing.

One of these pioneer societies in Bologna (there are dozens in that Province) had its origin in 1884 in the unsuccessful efforts of a group of workers in a tobacco factory to find better housing for themselves. They were finally assisted by their local Mutual Aid Society in forming a properly constituted Co-operative building society. They had many difficulties in the first years and were only saved from disaster by the generous treatment of the society by the local savings bank. In 1906 the municipality took up the question of better housing and made taxation concessions; in 1908 the State also increased the facilities for Co-operative building. From that period membership steadily increased each year, excepting during the War, rising from 56 to 3,250 today (some of them on the waiting

list), its paid up share capital growing from £58 to £6,102, and its reserve fund from £23 to £50,000. Its buildings, well written down, are valued at £240,000 and it is working with a margin of about £2,200 annual profit. Last year it spent £17,000 on new buildings.

The measure of the society's achievement is not expressed adequately, however, in the prosperity of its finances, but in the healthy and cheerful character of its members' homes (several of which were visited, to be entertained in one of them with an impromptu feast of hospitality that was memorable) and by the more important figures of the rent they pay for them. The rooms are large, a minimum height of 10 feet, with a balcony for each flat, a well-equipped kitchen and lavatory. The bathroom problem has been solved by building a communal bath house in the quadrangle of each block of flats, with 24 shower and other baths, as comfortable as any in Oxford or Cambridge colleges; members pay 2d. or 4d. for shower or full bath, any profits of course going to the Society. Rent (for 25 years) is reckoned by the room—230 lire a year in one of the older buildings, 400 lire a year in the new. All the flats are of 3 or 4 rooms. Thus, a 3-room flat in the older buildings pays 690 lire, that is £11 10s. a year, or 4s. 5d. a week; a 4-room flat, 5s. 10d. a week. In a new building, with enamel and white tile finishings, a 3-room flat pays 1,200 lire, that is, £20 a year, or 7s. 8d. a week; a 4-room flat, 10s. 3d. a week. Building costs are today reckoned at about £85 a room here and in many other parts of the country.

The society has had the same president for nearly thirty years, with the exception of two years before the War, when politics became an issue and it elected a Liberal-Democratic committee, and again two years after the War, when it was Socialist.

Some of these housing societies in agricultural centres, whose members may be working their own or rented small holdings near the town, are also of considerable size. One in Tuscany had built small houses for 110 families which cost them (during 25 years) about £36 a year. On new

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land settlements, where members are taking up a large enough acreage (for instance, for dairy farming) to require residence on the land, farm houses costing about £1,000 each, with other buildings, are being built Co-operatively.

IX. CREDIT AND BANKING

DIVISION into two main branches from earliest days has characterised the Co-operative credit movement, in Italy as elsewhere. Today this is formally recognised by the grouping of the societies in two National Associations, that of the rural Raiffeisen type of society with unlimited liability (Casse Rurali), and that of the societies of urban origin modelled on the Schulze-Delitzsch plan with limited liability (Banche Popolari). No other national division is recognised, the Catholic societies now being classified with the others of their kind.

The credit societies may affiliate individually with the Co-operative Union, and a few rural ones do so ; they also maintain many of their former regional groupings and Provincial Federations, some of which are affiliated with the Union. But the National Associations are categorically members of the National Credit and Insurance Confederation, although also represented on the Council of the Co-operative Union. Membership in a Confederation, as explained in the historical chapter, is mainly concerned with conditions of employment and does not imply any closer business connection than occurs in the ordinary course of business. The societies remain strictly autonomous Co-operative societies and are free to dispose of their funds as they wish, excepting the proportion which is prescribed by special laws of long standing as required to be invested in government or trustee securities. The question of their affiliation, nationally, with the Co-operative Union instead of with their Confederation, has been discussed for some time and has been brought to the front again by the declaration of policy referred to in the paragraph dealing with the status of requirements societies in a previous chapter. The Union's case in this instance is complicated by the fact that

the credit societies have their own special legislation protecting their Co-operative character; but it is expected that in the great re-shuffling of affiliations that must take place, and will take years, for the evolution of a corporative State, the accepted principle of the common economic character of all Co-operative organisations will bring the credit societies also within the protective sphere of the Co-operative Union, at any rate the rural ones.

In general principles, the legal basis of credit societies remains as before. A law of 1932 (No. 656) makes a few new provisions. Use of the name, *Cassa Rurale*, is forbidden except for properly constituted Co-operative societies whose main object is credit. Farmers, farm workers and artisans must constitute at least four-fifths of the membership, with a minimum membership of 40 and a capital (for new societies) of not less than 30,000 lire (£500). The amount seems unduly high for this type of society. The average capital of all existing societies is about one-fifth of that amount, allowing for depreciation of the lira; in some districts it is as low as one-tenth. With reserves, however, the average is about the new required figure; and it is presumably the object of the law to maintain that standard and avoid the too easy growth and decline of societies which used to be one of the worst features of the movement.

It is impossible to say how many of these mushroom societies ever functioned or how many have vanished, as statistics of pre-Fascist days are not available except for a few groups; national totals were guesswork. There is no way of ascertaining even how many of those listed as lately as 1922 were then active; the number given for that year was 3,540; for 1928, 2,682; amalgamations account for part of the reduction to the figure of 2,164 at the end of 1929, but there have also been many liquidations under the new and much needed systematisation of inspection and audit. The chief concern of the National Associations has been to help the living and bury the dead.

The strength of the movement, reduced to its efficient business proportions, is shown by the excess of deposits

over loans, still well maintained in spite of hard times. In 1922, 410 societies of the Wollemborg federation (the best of the various groups) had 79 million lire in deposits and 40 million lire of loans to members. That proportion was roughly maintained by the 866 societies reporting in 1925. Complete statistics for 1,660 societies, with 151,516 members, as on December 31, 1930, show that the excess of deposits had decreased, but was still great; deposits were 1,009,244,175 lire (£16,820,736), and loans, 636,109,412 (£10,601,823). Reserves were also well maintained, and hidden reserves must be considerable, to judge by the drastic manner in which the handsome office buildings of some of the societies visited had been written down, as well as other buildings leased to Co-operative dairies and consumers' societies; all this property, together with goods and machinery, appears as well under a million pounds in the aggregate of accounts. Investments in Government stock, on the other hand, are carried at their face value, which shows a total considerably under two million pounds, less than one-eighth of total deposits.

The societies, judging by the small average number of members per society, less than 100, have retained some of the original Raiffeisen characteristics; but many have outgrown this particular. One had 956 members. Unlimited liability of members is a reality; it is secured by bundles of members' blank bills of exchange, proudly shown by managers when questioned as to this principle. Several societies visited here and there in Central and Northern Italy, had the appearance and outlook of prosperous country banks, such as the branches of English banks in the smaller market towns, with buildings often conspicuous for their solidity and good taste. Rates of interest varied, but in the North it was $6\frac{1}{2}$ per cent on loans; interest on 12-months deposits was $3\frac{1}{2}$ per cent, and on sight deposits and current account balances, $2\frac{1}{2}$ per cent, the rates being fixed by the general meeting each year. In these regions the average of deposits per member, in some Provinces well over £120, bears out the impression of the societies' prosperity. Sicily also shows a high average; and although

other Southern Provinces are below it, the average deposits of members for all societies is more than £100.

The more urban societies with limited liability (*Banche Popolari*), although fewer in number (589) have, as might be expected, a much larger volume of business than the strictly rural ones. Their deposits at the end of 1929 were little short of 100 million pounds, including balances in current accounts; their loans to members, including discounts and overdrafts, were 61 million pounds. It is clear from the distribution of the societies that they also serve mainly the rural population. More than two-fifths of them are in the Southern provinces, which have little more than one-fifth of the rural societies proper. This may be explained by the fact that the members of the limited societies are mainly of the middle class, their rural members being mostly large farmers and landowners. This is reflected also in their total share capital, over six million pounds, with reserves of nearly the same amount.

While these societies, much more than the specifically rural ones, approximate much more in scope and functions to the ordinary capitalist bank, their Co-operative character is legally prescribed; members, either as shareholders or depositors, receive only the legal rate of interest; the rate on loans, usually better than elsewhere, depends upon the support and decision of the members; the principle of open membership safeguards them against any speculative dealing in their shares.

Both types of societies maintain their social Co-operative character by taking the lead in many good works, including public improvements, participation in land settlement schemes and the encouragement and support of other Co-operative enterprises. If they have not made progress in proportion with that of some other branches of the movement, a sufficient reason is not far to seek; the frequent references to special credit facilities in preceding chapters may be recalled. When the peasant can get six or even twelve months easy credit from his requirements society, advances on delivery of his main crops, and special loans for building, irrigation and other land improvement, his

need of credit is not going to drive him into forming new credit societies. In fact, it is hardly necessary to go any further and ask whether the association of the credit societies with the capitalist banks has anything to do with it. If one considers the vast amount of money which the State is lending, and the low rate of interest which it is being paid on it; and that the State has recently been able to convert its own 5 per cent borrowing to $3\frac{1}{2}$ per cent with a success surpassing that of the British conversion; it would seem that it is not so much a case of competition between Capitalism and Co-operation as between the State and the Co-operative credit societies. And naturally it is not fair competition: the credit society must lend at a higher rate than it borrows—it cannot balance its accounts with taxes.

X. MUTUAL AID AND INSURANCE

THE Italian mutual aid society (Mutuo Soccorso) has assimilated a wide range of functions, including those of a friendly society, a credit society, the promotion of other Co-operative societies, provision of children's holidays and scholarships, and the building and maintenance of schools. Health insurance is the most general purpose of their origin and practice, but if this is made national and compulsory, as is anticipated, and even if its administration were taken away from the societies, which is unlikely, the societies would still have ample scope in their other works of mutual benefit and public enterprise. Like all other voluntary organisations, they were until recently affiliated and federated here and there under all sorts of political, regional or religious leadership. It was only in 1930 that the National Federation of Mutuality was formed at a Conference at which 1,493 societies were represented. By the end of 1933 the number of affiliated societies had passed the 2,000 mark and it had been ascertained that there were in all something over 4,000 active societies. It is expected that all the societies legally constituted will in time join their National Federation (though they are free to remain outside either separately or in independent groups) which is affiliated to the Co-operative Union.

Mutual aid societies of all kinds still come under a law of 1886 (No. 3818) which, besides giving them the few privileges enjoyed by other Co-operative societies, exempts them from insurance taxation and income tax, when the income is devoted to prescribed purposes. Their purposes, as defined in the Act, are so general that almost anything can be done which is of benefit to members and their families; they include health, accident, life and fire insurance, unemployment relief, old age pensions, credit for

purchase of tools or stock, assistance in education. Public bodies encourage and in a few cases contribute to the funds of these societies which, however, always maintain their autonomous character; the Farmers' Union is active in promotion of the rural societies.

Some of the societies are small and simple; some have a membership that runs into thousands. Subscriptions vary from five shillings a year to as much as 1 per cent of wages, as in the case of one of the large and more complex societies, the Naples society for municipal employees. It has a membership of 6,000, making the number of its beneficiaries about 25,000. The Municipality subscribes an amount equal to the membership fees and also "a percentage of the fines paid for municipal misdemeanours." It has capital and reserves of £100,000. From 1926 to 1931 the society made the following number and amount of payments:

559 pensions	.	.	.	.	.	750,967 lire
7 annuities	.	.	.	.	.	8,142 "
307 funerals	.	.	.	.	.	532,135 "
2,788 illnesses	.	.	.	.	.	958,608 "
322 holidays	.	.	.	.	.	70,385 "
1,086 education	.	.	.	.	.	94,109 "
4,129 grants	.	.	.	.	.	3,508,400 "
1,637 advances	.	.	.	.	.	8,980,300 "

Another much older Naples society has the proud distinction of holding its charter of 1860 from Garibaldi, to whom indeed many of these Mutual Aid Societies owe their direct inspiration. "I permit and guarantee the Workers' Association of Naples," the Dictator wrote in the margin of the budding society's letter of application. A Milan society, which dates from the same period and shared Garibaldi as its first honorary president with many other societies, was the centre from which Luzzatti started his first local credit society, and has today 1,227 members with a wide range of helpful activities. Older still, the Saluzzo Workers' Mutual Aid Society, dating from 1852, has a large list of pensioners. Another Garibaldian society, with only 400 members, has 36 pensioners. A Monza society, organised by ex-soldiers in 1924, has now 19,123 members.

The Palazzolo mutual aid society, with £1,000 capital, may be taken as an example of the social work done by these societies; itself founded in 1862, it has organised the following:

- 1870, School of Applied Art and Industry
- 1872, Co-operative Credit Society
- 1876, Lending Library
- 1887, School for Illiterates
- 1902, Workers Co-operative Building Society
- 1911, Red Cross Society
- 1919, Consumers' Co-operative Society

The little society of Montebelluna in Treviso, another Garibaldian, besides providing credit and assistance for its 200 or so members (today 142), promoted the local school of design (1901), a public library (1910), and a consumers' Co-operative society (1919).

Such examples could be taken by the score from the well kept files of the Co-operative Union, where the past and present value and the social and economic influence of the mutual aid societies is well appreciated. They also promote the taking up of shares in consumers' and other Co-operative organisations. The most active societies are in cities and small towns, but rural societies, much more numerous, are not less active in proportion with their size. The rural societies shade off gradually from the types illustrated to specifically insurance societies, though frequently still performing other services.

There are some 1,200 societies which specialise in live stock insurance. These come under special legislative provisions and form also their own group, now recognised as a separate National Federation, thanks to the long fight put up by Co-operators to prevent them from being classed among the capitalist insurance societies. The National Federation, with the assistance of the Co-operative Union, is doing an extensive work of education and promotion, in which it now has a free and favoured hand, in order to bring every stock-owning farmer in Italy under the protection which such societies provide.

Rural fire insurance societies, now numbering 400, and

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hail societies, 30, are also being federated, strengthened and multiplied.

For the general insurance needs of the 10,000 odd societies affiliated to it, the Co-operative Union in 1927 promoted a central Co-operative insurance society (Mutua Assicurazioni Enti Co-operativi Italiani) for fire, life, theft, accident, employers' and householders' liability and other insurance. Premiums in 1932 amounted to £20,000.

XI. CONCLUSIONS

SOME estimate of the Italian Co-operative movement, its place in the economy of the Fascist State ¹ and its possible future in the Corporative State which is the Fascist goal, must now be attempted, bringing the facts and impressions recorded into relation with other observations of a relative nature.

Taking first the sections of the movement as described, some general conclusions may be stated. The consumers' societies are well established in Central and Northern Italy and their development is being promoted in the backward Southern Provinces and Sardinia. In some rural areas they serve the whole population; in the cities they are essentially the shops of the poor but cater for all classes. They are recognised as the consumer's main line of defence against exploitation by the private shopkeeper, with whose prices they are in constant competition. Their Wholesale society, hitherto only a limited commission business, has now adopted a forward policy of purchase and manufacture and is well supported by the societies. The Co-operative supply of agricultural requirements is more widespread and, with the support of all rural sections and of the State, bids fair to become the common source of those supplies for the whole community. Co-operative processing is well advanced, particularly in dairy farming, and is rapidly extending in all other branches. Marketing, with the exception of rice, beetroot and tobacco, is uncontrolled; grain marketing is well organised and partly controlled; processed produce is being sold collectively as its preparation comes into Co-operative organisation. Marketing of other produce is mainly primitive. Fish marketing is well advanced, and

¹ See second footnote on page 4.

the industry as a whole, with local exceptions, is on the way toward complete Co-operative organisation for other purposes also. The labour societies are fewer but more securely organised than twelve years ago, and undertake large private and public building, engineering, railway, road building and land reclamation contracts. Agricultural labour societies take up land they have reclaimed for settlement on easy terms. Collective Farms proper are few, but the collective buying or leasing of land for Co-operative holding is a recognised method of taking over large estates by the peasants and of settlement on reclaimed land. Transport services, especially those of porters and stevedores, are highly organised; water transport is well advanced and road transport is making progress. Industrial societies, though comparatively few, are of great variety, including especially, shipbuilding, glass, pottery and printing works. Co-operative tenancy-building societies play an important part in the better housing of the workers and are popular also among the middle-class workers of the cities. Credit societies are prosperous and active, though a lavish provision of credit is available through other Co-operative organisations. Finally, mutual aid societies, the most numerous type of Co-operative association, are important welfare agencies in the life of the workers and reinforce other Co-operative enterprise; and specialised insurance societies are making progress.

It is clear that the movement, voluntarily and steadily becoming united in its categorical National Federations and National Union, has assumed economic functions of a variety and extent sufficient to influence in no small degree the economic life of the nation. To estimate quantitatively its extension or the degree of its influence is difficult. The inevitable duplication of membership in any national movement makes that basis of quantitative estimate unreliable, though, qualitatively, duplication is itself a fact of some significance. For example, a rural or urban worker whose family are fed and clothed Co-operatively, may make his living as a member of a Co-operative land, labour or production society, go for his borrowings or savings to a credit

society, and, while his wife reads Co-operative literature by the Co-operative electric light in their Co-operatively built and owned home, he will spend his evening in a Co-operative café taking wine Co-operatively made and sharing his Co-operatised and nationalised tobacco with a Co-operatively transported visitor putting up at the Co-operative inn.

There are two points of significance in this. One is that an economic life wholly Co-operative is thus feasible, and indeed actual, for thousands of Italians. There is no reason, taking it geographically, for an inhabitant of the Friuli region, for instance, to step outside the Co-operative circle except perhaps to do his military service for the State, pay his State and municipal taxes, or go by the State railway for his holiday. A member of an Udine society put it plainly and proudly, speaking of his Province: "Economically, we are a Co-operative Commonwealth; politically, we are an integral part of the Fascist State."

The other point of significance, at which this hints, leads to some unexpected conclusions. For, while it is true that the wholly Co-operative life is being led by so many, it is equally true, though not so easily apprehended, that this complete Co-operative life is not sectarian; it is not felt to be in any way antithetical—socially, economically or politically—as the exponents of better living so often feel about their way of life. If Capitalism had disappeared, it would be no surprise to find it ignored by the complete Co-operator, immersed in his own economic system. But it has been told how the fight between Co-operator and Capitalist is daily renewed in the shops and how it was carried up to the supreme Council of the Regime. Nor are antithetical sentiments unknown or unheard; "the speculators" and "the profiteers" always, "the industrialists" sometimes, are anathema. Public opinion as a whole, and not only a Co-operative section of it, is hard set against the making of profit without the giving of its equivalent in service.

This appears to be the explanation of the fact that the Italian movement, while fighting its economic battles as

valiantly as any other, does not feel socially set apart in antagonism, that one hears more of ground won from him than of threats against the Capitalist, that Co-operative education and propaganda is more practical than emotional, that the complete Co-operator can be and usually is a good Fascist ; public opinion is on his side and public opinion is Fascist.

Does this imply the existence of an economic policy in Fascism which has not been declared ? Is it due to the influence of Co-operation on economic opinion made fluid by revolution and clarified by the extraction of political colouring matter ? Already in Rome, one had the impression that, economically, Fascism did not know where it was going but was determined to avoid certain directions ; it would not take the broad road to the right, leading back to Liberal Capitalism ; it would not take the short cut to the left, leading to State Capitalism ; for its goal, instead, Mussolini pointed the straight but unmade road to the distant and unbuilt Corporative State. Subsequently, exploring stretches of the new route and observing the Co-operative movement at work, it was patent that, just as the Co-operative labour societies are roadmaking in fact, so the movement is playing its part in the construction of the new economic highway, if it is not actually surveying its course. Enough has been said in previous chapters to show how willingly the State is permitting and encouraging it to exercise and extend its rôle.

It is difficult, indeed, to see how the Regime, definitely committed as it is to putting the interests of the producer and consumer before those of the speculative financier and middleman, could do otherwise. Co-operation responds exactly to the requirements of that policy ; and as the ground under the feet of a united movement extends and becomes more solid, it is not hesitating to put forward its offers of greater service. It is not pretentious, however ; it does not set itself up as being the only way of doing things, but as being the best way of doing the things it does well. That is the pragmatism of Italian Co-operative speeches and publications, and progressive enough in a country

where few if any possibilities of Co-operative activity are not included in its daily program. The Italian Co-operative mind does not work from the Co-operative Commonwealth backwards, but from Rochdale and other points forward. One misses something of the uplifting idealism of an English Co-operative meeting; but on the other hand one does not go out into a different Co-operative everyday world. Not that there is no emotion in the Italian movement—to do great things *il faut être passionné*—and ardent is the spirit which animates the leaders and members of it and passionate the devotion which carries it forward to each new achievement.

And how else is the Regime going to avoid drifting into State Capitalism? The Corporations which are to be the pillars of the new economic State are to regulate their respective industries in the common interests of producer and consumer; they must eliminate the speculative and profiteering incentive of industry. That is simple Fascist doctrine, putting the service of the community before the enrichment of the individual and sternly banning all forms of personal greed. And the Corporations must be economically independent of the State. The suggestion, common enough abroad, that the captains of industry will unite in controlling the Corporations for the profitable exploitation of the worker, is laughed at in Italy. For one thing, the National Confederations will continue to deal with labour conditions and the workers will also be equally represented in the Corporations, they say. "Besides, that would be only to revive the evils of Liberal Capitalism without any of its boasted advantages of individual freedom. Rather State Capitalism than that; but not State Capitalism if we can help it." The dilemma is likely to be a recurring one. Surely the road as it reaches the heights will be a rough one and its gradients dangerous, if it is not surveyed and paved by Co-operation wherever it passes through Co-operatively manageable territory. The new system will be neither proletarian nor bourgeois—*non imborghesire* (don't get bourgeois) is an approved slogan of the day. The system is growing under radical influences; it will be

Corporate in its structure ; there is nothing to prevent it being Co-operative in its economics.

But Co-operation will not be exposed to the danger of being adopted as a State policy ; it is already, on its agricultural side, leaning too much on the State to please either the anti-State-Capitalism Fascist or the Fascist Co-operator, who are firm allies in divorcing the State from economic enterprise (excepting the essentially national services) after it has defined and approved the construction of the Corporative (economic) State under its own political aegis. The financial assistance of agricultural Co-operation is gradually being transferred to its own credit institutions as these gain strength and independence. Thus Italian Co-operation is not only secured against piecemeal absorption into the Corporations, by a legal status recognising its particular social and economic character and providing for its free and integral development under the expert care of its own protective Union, which could not, if it would, escape from the enthusiastic urge of its affiliated societies and federations ; but it can look forward to a future equally clear of a State paternalism which would undermine its efficiency and sap its initiative. Further, so long as Fascism endures, it is safeguarded against any return to the disruptive error of politics.

These are circumstances in which a Co-operative movement can live and prosper and pursue its highest ambitions. While separate States exist, Co-operation cannot escape the evils of political rule to which all who live under them, tolerating them, are subject. The abolition of party politics may be a first step toward the abolition of national politics ; the wisest prophet of our days, beyond the suspicion of tendentious purpose, has seen it in this light.¹ Meanwhile, a Co-operative movement is highly favoured that can so easily eschew them. If it has a political goal, that of Co-operation lies beyond the range of politicians, excepting perhaps Lenin and Lunacharsky, who in their long-sighted moments descried an ideal polity toward which the

¹ H. G. Wells, in his latest and most patient vision of the future, *The Shape of Things to Come*.

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Communist State was only to be a vehicle. Looking in an opposite direction (we must not be surprised, since astronomers tell us if we look so, far enough, we see the same thing) Charles Gide, the Co-operator, and Kropotkin, the Anarchist-Communist, whose only public appearance in Soviet Russia was to address a Co-operative society meeting, saw the same promised land, which neither of them fancied could be reached by flying but only by the steady march together. The Co-operative way of Italy lies nearer to their path. The Co-operative movement of Italy is on the march, shoulder to shoulder, and certainly not less inspired by the vision of a whole world united under the Rainbow banner, for being, in practice, already moved by its national spirit of solidarity to serve a whole community.

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STATISTICAL SUMMARY OF ITALIAN CO-OPERATIVE SOCIETIES (1933)

Categories of Societies.	Total Number of Societies. ¹	Societies Affiliated to the Union.	Members. ²	Capital. ³ £	Turnover. ⁴ £
Consumers	(3,800)	3,338	742,260	2,315,422	19,619,825
Farm Requirements	540	(288)	500,000 ⁵	2,500,000 ⁶	20,000,000 ⁶
Dairies	4,188 ⁴	(459)	237,349	—	(gals. 181,306,400)
Silk	128 ⁴	(18)	80,000 ⁴	300,000	(lbs. 10,150,800)
Wine	158 ⁴	(34)	15,869	(gals. 27,108,080 capacity)	(gals. 14,524,240)
Olives	30 ⁴	(5)	5,000 ⁴	—	—
Farming	(399) ⁴	314	46,724	504,701	2,219,815
Fishing	(74)	65	35,000	29,260	750,000
Labour and Industry	(1,251)	1,204	68,628	542,180	9,166,600
Transport	(281)	265	15,105	102,660	500,000
Building	(1,830)	764	72,666	900,746	29,695,495 ⁷
Electricity	57	—	11,034	108,104	64,000
Superphosphate Factories	18 ⁴	—	—	(8,000,000 cwts. capacity)	(cwts. 3,831,820)
Mutual Aid	(4,249)	2,119	1,200,000 ⁴	2,752,878	100,830
Agricultural Insurance	1,630	(195)	372,000	—	—
Credit (1930) :					
Casse Rurali	1,660	—	151,516	778,906	Loans: 10,607,824 Deposits: 16,820,736
Banche Popolari	589	—	400,000 ⁴	11,073,000	Loans: 61,676,660 Deposits: 90,538,330
	20,882	9,068	3,953,151	—	—

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¹ Additional figures are from Departmental sources in respect of Societies not affiliated to the Union.
² Figures in the last three columns refer to unbracketed figures in the first two. ³ Estimated for all Societies.
⁴ Farmers Union Report (Dieci Anni di Attività Sindacale). ⁵ Including Societies with plant in course of construction.
⁶ Cultivating 253,750 acres. ⁷ Buildings completed or in course of construction.

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