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YEAR BOOK OF AGRICULTURAL CO-OPERATION (1936)

THE
HORACE PLUNKETT FOUNDATION
(INCORPORATED 1926)
10 DOUGHTY STREET, LONDON, W.C.1

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Year Book of Agricultural Co-operation 1936

EDITED BY
THE HORACE PLUNKETT FOUNDATION
10 DOUGHTY STREET, LONDON, W.C.1

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CONTENTS

PAGE

AGRICULTURAL CO-OPERATION IN 1935 1

GEORGE RUSSELL, by H. F. Norman. 11

A VISIT TO SOUTH INDIA AND NEW ZEALAND, by Dr. C. R. Fay 28

AGRICULTURAL CO-OPERATIVE INSURANCE, by Dr. N. Barou 45

ENGLAND 174

NEW LAND SETTLEMENT ENTERPRISE IN ENGLAND, by J. Henderson Stewart 191

IRELAND, by H. F. Norman 194

AGRICULTURE AND THE STATE: IRELAND, by M. Digby . 207

SCOTLAND, by C. J. M. Cadzow 235

WALES, by W. H. Jones 239

NEW ZEALAND:

THE POSITION OF FARMING IN NEW ZEALAND [DURING THE CRISIS], by J. P. Belshaw 246

THE NEW ZEALAND CO-OPERATIVE ALLIANCE, by D. von Sturmer 263

AUSTRALIA:

WESTERN AUSTRALIA, by the Hon. T. H. Bath . . 267

NEW SOUTH WALES, by A. B. Sheldon, LL.B. . . 273

QUEENSLAND 280

WESTERN CANADA, by J. T. Hull 293

NEWFOUNDLAND 301

PALESTINE, by Harry Viteles 305

CEYLON, by E. H. Lucette 314

MALAYA, by R. Boyd 321

NIGERIA 326

TRANSKEIAN TERRITORIES 328

PAGE

TRINIDAD AND TOBAGO 329

BRITISH GUIANA 334

GERMANY, by Dr. Rudolf Hoernigk 336

COLLECTIVISATION AND COLLECTIVE FARMS IN THE U.S.S.R., by the U.S.S.R. Society for Cultural Relations with Foreign Countries 348

FRANCE, by Louis Tardy 360

THE FRENCH COLONIES, MANDATES AND PROTECTORATES 366

HOLLAND, by C. Weststrate, D.L. 379

THE NETHERLANDS INDIES, by Dr. J. H. Boeke . . 387

ITALY, by a Correspondent 391

SWITZERLAND, by Dr. A. Borel 398

SWEDEN, by G. R. Ytterborn 404

DENMARK, by Axelsen Drejer 418

ICELAND, by Ragnar Olafsson 423

POLAND, by J. Bargiel 431

ESTONIA, by The Estonian Co-operative League. . . 434

LITHUANIA, by Professor P. Šalčius 440

CZECHOSLOVAKIA, by Judr. F. Vavra 447

HUNGARY, by Dr. Julius Bernat 458

BULGARIA, by Dr. B. Yantchouleff 463

GREECE, by M. K. Gerakaris 472

YUGOSLAVIA, by Ivan M. Varga 485

EGYPT, by Dr. I. Rashad 489

THE UNITED STATES OF AMERICA, by Robin Hood . . 497

AGRARIAN REFORM IN MEXICO, by Kenneth G. Grubb . 508

ARGENTINA, by Dr. D. Borea 516

LEGISLATION OF THE YEAR 519

BOOKS, SURVEYS AND REPORTS 559

A SELECTED BIBLIOGRAPHY OF CO-OPERATION . . . 603

AGRICULTURAL CO-OPERATION IN 1935

THE year 1935 does not lend itself to easy characterisation. It has been a year in most countries of economic recovery, but of recovery, slow, tentative and underlain nationally and internationally by financial and political insecurity. How then has that fraction of world economy which is the co-operative movement emerged from the ordeal? Before answering it must be observed that there are two ordeals and that neither of them is at an end.

We may consider first the mere economic strain of the slump. The articles that follow are here the best evidence for co-operation. They show the agricultural movement of the British Isles by no means crippled, carrying on a larger volume of business, if at lower cash values, than in previous years; not, it is true, making any rapid progress or striking conquest of new economic fields, but neither stationary nor devoid of local initiative. From the Netherlands comes the assurance that "still going strong" after six years of crisis is the impression that the co-operative movement makes on onlooker and insider alike. In Germany, while credit and supply are stationary or show a slight decline, dairying and other forms of marketing have gone forward with a bound. In France, careful management and experience have seen to it that co-operative and mutual institutions remain soundly based and serviceable. In Sweden during the past few years there has been rapid development and even if, as our correspondent suggests, it is too early to speak of ultimate success, the appearance of the movement "is at least a strong and healthy one". In Denmark co-operation has gained prestige, at least, by its handling of an exceptionally difficult phase of the crisis. On the other side of the Baltic, Estonia, Lithuania and Poland have gains as well as struggles to record. Turning farther eastward, Hungary and Bulgaria show a year of

internal consolidation rather than expansion, but in Bulgaria, although the movement looks back on "the most agitated year of its development", there is still the hopeful consciousness of "a new creative initiative" making itself felt in the latter half of 1935. In Yugoslavia, credit and the sale of agricultural requirements are almost stationary, but the formation of new productive and marketing societies goes rapidly ahead.

Outside Europe, where perhaps neither national nor co-operative economy can adjust themselves so readily, the record is a little less favourable. The great credit movements of Asia—where the slump came later than in Europe—have had a year of stagnation when loans have often remained outstanding since forced repayment would have meant under-nourishment. Nor have there been gains in the marketing field to set against this rather depressing record. What gains there are have so far been in the unpalatable commodity, experience; a realisation that credit without thrift is but a fair-weather friend and that to make production easy without making marketing efficient may well be a dangerous half-service. In Palestine, lying, in a more than geographical sense, between Europe and Asia, this pitfall has been avoided, and a remarkably varied movement records a threefold increase in the number of societies in a space of less than three years. In Egypt, on the other hand, reorganisation has occupied the great part of the year, though there are new developments here and there, and these are, significantly, in the direction of marketing. The same might be said of North Africa under French administration, where credit reorganisation and marketing progress have stamped the character of the year.

In the British Overseas Dominions, co-operative credit has never played a conspicuous part. Here it was marketing that found a career of early triumph and apparently boundless possibilities brought to a sudden halt by the slump. It is a check for which the movement cannot be held wholly responsible. Co-operation had made itself responsible for carrying on a system of economy (specialised production for export) based on certain international

assumptions. Little short of an economic earthquake could have shaken that system or called those assumptions in question. Co-operation did not foresee the earthquake. In Western Canada the Wheat Pools are sadly shrunk, but it would not be fair to call them the shadows of their former selves, since they exist very substantially, carry on valuable functions and may expand when the opportunity and the technique present themselves. Meanwhile, other branches of marketing are going ahead. In Newfoundland, co-operation is at its beginnings, but the beginnings have grown out of the natural needs of an unusual country and promise well.

In the southern hemisphere, Western Australia offers perhaps the most optimistic report, since the twenty-first anniversary of the formation of the Co-operative Federation has seen both definite progress and the attainment of a stable financial position. Elsewhere in Australia the voluntary co-operative movement has made little headway, though the Marketing Boards continue and gain support. In New Zealand, a new move towards co-operative unity, both national and imperial, is probably more significant than any change in trading activity.

Thus co-operation, seen as a loose network of business units, has come through the worst of the slump without discredit. It has in fact progressed, though the progress has been uneven and the essentially expansionist credit movement has found less to do than the marketing movement, which can usually make its most effective start before and not after the market begins to rise. With the consumers' movement this *Year Book* is not directly concerned, but here, too, records for 1935 show rising turnover, increasing membership and financial stability wherever societies have met economic difficulties unhampered.

But, as has been indicated in previous *Year Books*, the co-operative movement has been confronted with something more than an economic ordeal. Brought into being in a system of free and competitive economy, the co-operative movement was, on the one hand, often the first business to realise in its own sphere the efficiency of large-scale operations

and the elimination of waste through competition, dishonesty and uncertainty, while, on the other hand, its advance was unrestricted and seemed as limitless as its own energy and capacity. The last few years have seen a great change. The rising strength of many private corporations the co-operative movement could afford to regard as a challenge rather than a menace, but the advance of the State into economic life and more particularly into the new field of trade, introduces a force of a different order, and the struggle, if there is to be a struggle, must necessarily be a more uneven affair. The State not only holds political and police powers, even if it does not use them, it sways and is swayed by ideals and emotions which have no economic validity, though they may have vast economic consequences; finally, it can legitimately usurp two of the dearest claims of co-operation —that it eliminates the petty, the wasteful and the competitive in business and that it represents communal and not individual interests. Co-operation must fall back for argument on the value of its voluntary character (but then the democratic state is not quite without a retort) and the true but less facile claim that individual responsibility with equal participation in profit or loss is more efficient than the paternalism of the State, whether democratic or undemocratic.

It may be argued that the rise of the State in trade is a mere reaction from the economic crisis, and that the co-operative movement has only to hold on and the storm will blow itself out. The conclusion would be rash, for there have been other slumps and the State has kept aloof. The forces are not all economic. Something that may indeed have once been solid economic fact has vaporised into popular will and imagination and acquired thereby immensely augmented driving power. As the Director of the International Labour Office says in his last report: " Instead of receding as signs of recovery have appeared, the demand for collective action and organisation has, on the contrary, been reinforced," and again, quoting from a Polish authority, " It is not Government but society which

is exhibiting interventionist tendencies." If that is accepted, the relations between co-operation and the State in trade become even more important than the experience of co-operation in the economic crisis, since they refer not to a period which it may be hoped is closing, but to one which is but newly unfolding.

The experience of Great Britain has been dealt with at length in another publication of the Horace Plunkett Foundation,[1] but from materials presented in the *Year Book* it may be inferred that agricultural co-operation and national marketing may coexist with mutual benefit, provided that they do not try to cover the same field. When this happens (as in the dairy industry), co-operation will go to the wall if it is not overwhelmingly strong and widely established. This conclusion is borne out by the example of Ireland, where a strong co-operative movement retains all or nearly all its old field, but surrenders its aspirations to the State. In the Overseas Dominions, the Marketing Boards of Queensland and New South Wales have taken the place of co-operative societies, but as may be seen from the frequent polls by which the Queensland Boards have extended their term of life, they do not lack democratic assent. Meanwhile, the Australian Agricultural Council, a new body, discusses the conditions of grain marketing throughout the Commonwealth. In New Zealand, the Dairy Industry Commission has not destroyed the local machinery of co-operative companies, but it has brought the industry as a whole, and especially the export trade, under national control. In Canada, the Canadian Wheat Board and the National Economic Council are steps towards national economic integration, but action under the Natural Products' Marketing Act, which should have given the strongest impetus to the state-backed type of co-operation, has been held back pending a decision of the Supreme Court on the validity of the Act itself, a fate which also befell the older measure for a compulsory Wheat Pool. Indeed, the Americas seem particularly liable to such accidents,

[1] *Co-operation and the New Agricultural Policy*, published by P. S. King & Son, 1935.

as may be seen from the catastrophe of the A.A.A., an event too recent for the comments of our Correspondent. In the United States it would seem that even without this blow to State adventure, the co-operative movement was assuming a position of increasing stability and was facing the future with realism and confidence, if with more moderate ambition than in its days of first enthusiasm. Such a position and outlook should serve it well in the period of chaos which seems to confront agricultural business in the United States. Farther south, Mexico has a Six Year Plan of Agrarian reform, in which co-operation has an important place, while the Argentine promotes co-operative credit but goes the way of the rest of the world with national grain and cotton boards.

In Asia, the State has been accused of killing co-operation with kindness. It has not yet begun to compete. In Europe there is still a distinction between the economic policy of the politically democratic and the politically absolute states. No one who has known the worth of co-operation in any sphere can view without dismay the sudden, callous and almost casual abolition of the whole urban consumers' movement in Soviet Russia, to make room for a system of State trading, nor contemplate the gradual dwindling of the once strong and vital German consumers' movement under the influence of political control and cramping legislation. Happily, this is not the whole story. Rural consumers' co-operation in Russia is, for the time at least, spared and even reinforced. Readers of our Russian article can judge what measure of the co-operative spirit has been transfused into the collective farm. In Germany, the State has even returned some of its independence to an agricultural movement which it has found to be both valuable and complex, so that the movement has still, as our correspondent says, " Rich possibilities of economic development under a completely altered State economic policy which may demand many considerable modifications in the internal life of the co-operative societies." In Austria, the grip of the State on the consumers' movement has likewise been relaxed. The agri-

culturists never suffered much, but State control of certain agricultural commodities is well under way. In Italy, the co-operative movement survives and even flourishes in the feverish conditions of war, partly because it provides valuable machinery to the hand of the State.

But state planning is no monopoly of absolutism. Great Britain has already been mentioned. At the meeting of the International Commission of Agriculture at Brussels in 1935, planned economy in agriculture was the theme of nearly all discussions, including those of the Special Commission of Agricultural Co-operation. A set of remarkable contributions clearly described the system of State controlled production which had been launched in Germany and the definite if inferior place in it which had been assigned to co-operation. It was followed by descriptions no less interesting of State control of agricultural markets in Denmark, Holland, Czechoslovakia and Switzerland, in which the outstanding difference was that authority had been delegated to a representative body of those most concerned, in which the existing co-operative movement played a leading, frequently a dominating part. The attitude of the co-operative movements so placed varies from acquiescence in an unpleasant necessity, to enthusiastic collaboration in national policy. The position of the consumers' movements is different and here the democratic countries echo, as it were in another key, the interval between the experience of producers and consumers under absolutism. The consumers' co-operative movements of democratic Europe show no tendency to droop and fade in the blast of State authority. On the contrary, they have spent the past year crying out, loudly and unanimously, against the policy which in almost every country sacrifices the consumer to the producer, and especially to the agricultural producer. The case is not always unanswerable, but in speaking thus for an otherwise inarticulate public, the consumers' movement has performed a service which is of value to the whole community. This service will be enhanced if the questionaire on the relation of the movement to planned economy circulated by the International Co-

operative Alliance brings answers that deal not only with matters of law and organisation but with the actual effect of planned economy on co-operative prices and supplies.

In spite of widely divergent attitudes to one of the fundamental, perhaps the fundamental question of the day, there are hopeful signs that producers' and consumers' organisations are in practical matters coming nearer together. That modest but invaluable body, the International Committee for International Co-operative Relations, can point, after only four years' work, to very substantial results. It had taken as its aim the organisation of economic relations in general and particularly organic relations between agricultural and distributive co-operative societies, with the financial measures necessary thereto and the more general promotion of national committees of inter-co-operative action for legal, statistical and educational purposes. When the International Committee was formed, four such national committees were in existence. There are now 14. A mass of valuable material relating to many countries has been collected regarding co-operative trade by both producers and consumers in eggs, butter, wheat and its derivatives. Full particulars have been made available concerning certain selected examples of "organic" co-operative relations where producer-consumer trade is in the hands of some joint body. More recently, an effort has been made by means of a questionaire of world-wide circulation to compile a full list of the trading needs of consumers' organisations alongside a list of the commodities which producers' organisations have to offer. Finally, the intervention of the State has itself become one of the permanent concerns of the Committee.

All these are matters of national development, and it has been justly pointed out that initiative and economic recovery, wherever they have occurred, have so far been national and not international. The year has seen little advance, perhaps rather a setback in the planning of international economy. The World Wheat Agreement has virtually broken down; the World Sugar Convention has not been extended. Proposals for a World Butter Conference have

been put forward, but no conference has yet met. British trade agreements have been extended to Latvia, Holland and Poland, but the end of the earlier Scandinavian Agreements comes into sight, as does that of the Ottawa Agreements, and few expect the policy that succeeds them to be more international than that which exists today. One international event is significant and perhaps may be a ground for optimism. The League of Nations has published a report on the Physiological Bases of Nutrition, which should do something to turn men's minds from the strange fascination of that nightmare death-in-life, artificial scarcity, and to hearten the farmer, weary of seeing each good harvest hailed as a contribution to ruin. How far will such an idea penetrate the thickening shells of national self-sufficiency? At the meeting of the British Association in 1935, Sir John Orr urged that National marketing should be the vehicle of a great increase in cheap food supplies, and the United States Secretary of Agriculture has taken "Towards a Balanced Abundance" as the motto of his latest report, admitting freely that the way thereto lies through economic democracy and international trade.

State planning even of the nationalist type is not without its virtues. It is an attempt to bring intelligence to bear on hitherto unregulated phenomena. It introduces moral and social considerations into economic life more decisively than in the past. But it is doubtful if it has made economic activity more efficient as a producer of wealth. It has strained the balance of economic forces in favour of this or that class or nation, but the citizens of the world may well find themselves with a smaller cake to divide, whatever system of allotment they may choose or have forced upon them. It is the sectional character of planning, indeed, which is its root defect. The Director of the International Labour Office sees the problem of the age in "the antinomy between the need of all nations for foreign trade if their material civilisation is to be maintained and developed, and the actual existence of national systems of economy aiming at regulating and controlling the internal level of production and consumption in the

interests of steady employment and stable prices ", and the solution in " the willingness of nations to return to a more co-operative outlook and to plan their economic future on the basis not only on the short view of today but also of the longer view of to-morrow '.

Where in this conflict does co-operation stand ? At the meeting of the International Commission of Agriculture at Brussels there were not wanting voices to urge that it was possible for the State so far to stabilise (or it might have been said ossify) economic relations in a particular posture, that co-operation with its double function of defence and mutual aid was no longer needed ; others again seemed almost to suggest that co-operation itself was identical in spirit with national planned economy. On the whole, the sympathies of the meeting did not seem to be with these extreme and novel views, but rather with the speaker who voiced the traditional belief of the movement that national co-operation can only be completed in the " realisation of rational international relations ". Nor is such an assertion mere theory and sentiment, as some of the nationalists would willingly believe. The dangers, both political and economic of the nationalist policy, are only too obvious today, and while a co-operative movement would be merely spiritless which refused to avail itself of any national power for economic good which circumstances put into its hands, it is very certain that the co-operative movement which becomes a mere tool of the State and sacrifices its age-old privilege of looking not at nations and governments, but at humanity, will also have sacrificed its best claim to exist and point a road from the present to the future.

GEORGE RUSSELL

BY
H. F. NORMAN

SOCIOLOGISTS, like others who concern themselves in human well-being, may be divided into realists and idealists, and the division may be continued even when their objective ceases to be a history of past societies and narrows itself to a study of how best to evolve from the conditions of the present a worthier community of the future. Though the realist is preoccupied largely with things and the idealist with ideas, each will have some awareness that thoughts and things must be interrelated; but each will put a different emphasis upon the place which the mechanisms and the vitalisms fill in a living society. In approaching economic doctrine, in particular, a difference in inspiration will exhibit itself. Thus, amongst nineteenth-century thinkers, we find those who, accepting the footholds discovered by the physiocrats, but still searching out for a better direction in which the wayfarer may adventure himself, keep to the plain levels of a material progress, to the concepts of wealth with which political economy has familiarised them. These, accepting the miraculous mechanisms civilisation has invented, money, currency, credit and the rest, invite the proletariat to master and control them. Of this order, if their similarities are given adequate weighting and their differences not stressed, were Lassalle and Marx; and, again we emphasise common doctrine, Shaw and Wells and Cole are their continuators amongst economists of today. Perhaps their chief achievement will be to recast economics in more humane terms. But beside these equalisators we may name, for contrast, another school of socialisers, though their teachings are rather pragmatist than dogmatic and minor divergences of doctrine make

classifications inexact. These are those more imaginative writers who, rather regardless of than wholly rejecting the old footholds, are intent upon rising and leading others with them beyond the measurable wealth and poverty of the economic mind. These search for the bases of the new community within the human being himself, not indeed in his individualist isolation but in his association with others. These feel and think in terms of kinships rather than of commodities. Do they add anything permanent to economics, considered as a science? They certainly do not concern themselves overmuch with price, value, profit, the laws of diminishing and increasing returns. Their eyes are not on the plains but on the heights. Some who fear the ascent, lest mists descend upon the mountain-top, will fail to follow them. Of this small band of pioneers were Ruskin and William Morris, and their continuator in our days was A.E., who explored co-operation for the economic synthesis the world is seeking and who sought in agriculture rather than industry for clues to the first stage in the synthesising process. Perhaps the complex truth these adventurers bring us is that, though—as even some of the realists discover and expound—political economy is not scientific if it is not humane, economics even when humanised is not enough. This doctrine is permeating these islands. As I write, I find cited in a book review, a quotation, typical in its kind, from a work I have not yet read, *The Land Now and To-morrow*. The relevant sentences read: "Economics alone cannot be the salvation of the age and the countryside. Farming is a mode of life, and while farming, like religion, has its business side, it cannot be treated solely as business."

Unlike those others named above as illustrious in recent sociology, George Russell brought to his study of the problems he illuminated a first-hand knowledge of actual economic conditions; not the information of an inquirer but the knowledge of a practical worker. When Sir Horace Plunkett, with the aid of his first helper and most effective colleague, Mr. R. A. Anderson, had waged eight years of ardent and successful warfare against the exploitation of

the Irish farmer, and had accustomed him to handle in the mechanism of the creamery and the more subtle and difficult technique of the co-operative society weapons for his deliverance from the bondage of mercantile proprietorism, and when the Irish Agricultural Organisation Society had been formed as the arsenal whence these harmless but efficient implements of war could best be distributed, there was still something lacking. Creameries were increasing; localising rural wealth and conserving human labour. Credit societies were saving the small farmer from the ravages of gombeenism. Co-operative agricultural societies procured for cultivators the materials and implements of their labour without the toll of an exorbitant middleman's profits; gave them seeds that would germinate, manures that would fertilise, equipment they could rely upon. These societies were of immense practical value. But the strength of an association is in the associates and that is perhaps the last lesson learnt in organisation; the co-operative movements have not perfectly mastered it yet. It was George Russell's function to initiate this teaching, bringing to the task business training, great powers of concentration, immense sympathy, alert observation and, besides exceptional capacity for generalisation, an artist's mind for detail and a poet's mastery of words. An orator in the usual sense attaching to that suspect and obsolescing art he was not. Though the choice arrangement and mastery of phrase which guided his pen was never absent from his spoken utterances, the conviction they produced was due rather to totality of impression, to the whole man expressing his thought with integrity and forthrightness, than to any glib and oily arts, shifts of which he was incapable. In attaching him to the co-operative staff, at the suggestion of the poet, W. B. Yeats, Horace Plunkett found the best man available. An idealist in an age of ideologists, A.E. would plead for no co-operative fidelities which he did not exact of himself in more lavish measure, and whilst, as beseemed an artist, imagination came highest in his scheme of values, he realised that for countrymen outwitted by a callous and calculating mercantilism, whose urban organisa-

tions battened on the producer, the simple fact that business is business was the first fact to be taught. Thus when the farmer-secretary of a co-operative society wrote, "Please come down and hold a meeting which I have fixed for about Thursday," the tutelage needed in that district was evidently more elaborate than a mere exhortation to co-operative loyalty. Neophytes learnt that to co-operate in those days was to obtain a liberal education.

The gospel which George Russell set himself to preach at the outset of his organising career was twofold. He had come, indeed, to help impoverished farmers to lessen their penury and, through breaking the fetters of indebtedness, to find their way to at least modest prosperity and the freedom it gives. But that was, perhaps, the lesser half of the doctrine needed to enfranchise agriculture in the 'nineties and during the first decade of this century. The greater was the substitution, in the minds of his hearers, of the group for the individual. Overflowingly compassionate for the individual victim from whom local merchants extorted an impossible usury for loans or goods supplied on credit and who, being thus tied for the disposal of his produce to one or two middlemen, was being gradually reduced to permanent serfdom, A.E.'s main energies were devoted to the building up of a business brotherhood or confederacy of producers who, in freeing themselves, should become inevitably solicitous for the welfare of the group. Nothing short of such fraternal solidarity meant co-operation for him. The means for deliverance were not simple. Farmers kept crude accounts or none. To this day scientific accounting is remote from life on the land. In the decade A.E. devoted to organising co-operative credit, "double-entry" book-keeping, whose mysteries the farmer could never investigate, was conducted in the exclusive interests of the retail merchant who took farm produce in exchange for shop goods, fixing a price for both at figures that secured to each "entry" a lucrative profit and with a nice little percentage added for interest. It is fair to remember that when a few years of usurious servitude had passed, if the farmer was "sold up" and shipped off with

his family to America, the shop-keeper who acquired his lands and cattle had probably had losses to put against these gains. There were some defaulters amongst his tied customers and the system was bad every way. But, on balance, it was the town that won and the countryside whose population was changed from men to beasts. The credit society or agricultural bank was the weapon, forged by Raiffeisen, wherewith Russell urged harried farmers in the west and south to defend hearths and homes. In this system which A.E. recognised as the most intimate form of organic union between farmer and farmer, a union which accepted as basic the principle of joint and several " unlimited " liability, he found a strong weapon of protection. But these armaments made in Germany had to be built up, like gun emplacements, on Irish soil. Skill was needed for working them. Catholic and Protestant clergymen, national teachers and other local magnates were recruited and valuable services were rendered to the poorest small farmers. I cannot here spare space for what may be regarded as an almost forgotten chapter in the history of Irish co-operation. It must suffice to say that A.E.'s experiences in helping to rehabilitate derelict and needy producers made a deep impression upon him and contributed a practical element to his sociological thinking which thus attained a realistic form that it might else have lacked. Here he planned and worked his modest experiment in transforming the doctrine " every man for himself " into the gospel of " all for each and each for all ". In their very varying circumstances, the Rochdale pioneers and their successors had been engaged in similar work since 1839 and Craig and his Co. Clare co-operators even earlier at Ralahine since 1830. The latter experiment had fired A.E.'s imagination. (He wrote a foreword to Craig's *Narrative* of that fine enterprise, which Diarmuid Coffey republished as *An Irish Commune.*)

In this, the organising phase of his co-operative work, Russell and those working under or beside him started about 250 of these agricultural banks whose " lucky " loans—so characterised by those they reclaimed from gombeenism—

proved the salvation of thousands of small farmers through emancipation from debt and disaster. It was after nearly a decade that in 1906, changing the form of his co-operative activities, he turned to written utterance in the championship of co-operative ideas, and, from having served under Mr. Anderson as Assistant Secretary on the staff of the I.A.O.S., became the editor of its organ, *The Irish Homestead.* Hereafter his trained powers were diverted to espousing the same causes but from other angles. Attacks on the I.A.O.S. had not failed to follow its effective policies of emancipation and its foes were well entrenched. Sir Horace Plunkett, whose courage, talents, energies and purse were always at the service of the movement, had succeeded in inducing the British Government to set up a Department of Agriculture of which he had himself become the working head, but political changes brought about a change in that Department's policy, and, when Plunkett left it, his successor, acting on misleading propaganda supplied by political enemies of co-operation, denounced the movement as "a cruel war on traders" and stated that the agricultural banks were "not worth half a crown in the pound". The earlier years of A.E.'s editorial labours were thus crowded not only with the constructive propaganda of persuasion but with energetic and sometimes fiery polemics. These battles had their amusing side; the false accusation of political activities directed against Nationalist policy made by leading politicians—though many leading co-operators and Russell himself were of their political persuasion—drew from hundreds of indignant co-operative societies the most emphatic repudiation. One society repelled the charge with the fierce asseveration that "our branch has no politics or no religion, though its members are most ardent Christians and zealous patriots. Catholic and Protestant, Unionist and Nationalist alike take advantage of the benefits it confers." (The course of nature could no further go.) In this struggle A.E.'s brilliant pen was the leading force.

Perhaps the best result of such "benefits" was the deepening of the sense of rural community which it brought

and that, assuredly, was the sociology which A.E. aimed to strengthen and disseminate through his writings. It became early recognised that he was destined to be the movement's principal pamphleteer and his splendid services to Ireland were given wider audiences by the publication of *Co-operation and Nationality*, *The National Being* and two more fugitive publications, *The Building of a Rural Civilisation* (first delivered as an Address to the Annual General Meeting of the I.A.O.S. in 1909) and *The Rural Community*, an Address to the American Commission of Agricultural Inquiry in 1913. Fugitive though these addresses may be considered, they were not merely ephemeral, for in them is to be found the germ of that gradually formulated, if not yet fully articulated, concept of the Co-operative Commonwealth, which still awaits, I think, a further period of gestation but of whose expected advent I find the journalism of British co-operation is still prophetic. It may prove that in anticipating it, George Russell rendered the greatest practical service to his age. It is to the electrical effect his plea for the ideal of the rural community exercised on the hundred and fifty visitors from U.S.A. and Canada in 1913, and their impacts when carried back into those countries, that I attribute the recognition he attained overseas as an agricultural sociologist, preparatory to his visits to America and to the invitation (so late as 1934) by Mr. Secretary Wallace of the U.S. Department of Agriculture to return there and give American agriculture the help of his counsel upon its problems, an invitation pressingly repeated, to which he ultimately acceded. But Russell's writings in more imaginative fields and on more fundamentally philosophical subjects than the applications of co-operative theory to Irish farming had been winning for him a warmth of admiration and affection which for many publicists is reserved until death has removed them beyond knowledge of the appreciation to which they have too tardily attained. These reverberations of fame from overseas, coming at first faintly but growing in volume from year to year, added weight also to the appreciation of his services in his own country and in

Great Britain. There in earlier years, three Organisation Societies had been formed for England, Scotland and Wales; and Plunkett, Anderson and A.E. became recognised as the outstanding evangelists of rural co-operation, much as Neale, Grey and Holyoake had been earlier accepted as the apostles of urban co-operation. But it was perhaps rather as prophet than as apostle that A.E. came to be known. It is in that rôle that I believe he will continue to be known; as the seer of the rural community.

But such phrases as "the rural community", later expanded into "the co-operative commonwealth", are apt to make the plain realist—the type of economist mentioned earlier in this article—shy off. They sound utopian to him and look impracticable. Perhaps our realist forgets that Jerusalem cannot be builded in a day and that if the sketch plan does not precede the building or the dream the business, even the most solid foundations are unlikely to lead to the erection of mart or city. I would, therefore, ask the reader not only to consider A.E.'s dream but to ponder it, remembering that, besides being the vision of an artist in words, it was also deliberately projected by a man who himself, in his daily relations with others, lived in the spirit of those inspiring thoughts and activities whereof he wrote. Perhaps for the immediate purpose, which is to sketch the bearing of his scheme for a community upon the co-operative movement and his imaginative development of that movement into a commonwealth, the pamphlet *Co-operation and Nationality* is the best "text-book", so I shall quote mainly from it, though *The National Being* contains an ampler statement of its applications as a comprehensive and evolving polity. The reader of the former (now rare) booklet need not expect to find there a perfected plan for a national future. These pamphlets are more like the sketch-book of a Leonardo da Vinci or a Beethoven than like a fully painted "Virgin of the Rocks" or a fully scored "Choral Symphony". We shall get most help from them by considering them as fragments of prophecy. And the first thing which strikes at least one reader on coming back to them twenty years after publica-

tion, having known A.E.'s ideals in their initiation, maturation and afterglow from over twoscore years of intimate contact, is their freshness, vigour and spontaneity. This spontaneousness of conception is no accident. It is related to that principle of voluntary co-operation which was inseparable from all his idealism. In editing *The Irish Homestead*, he stipulated for a "free hand". (He got it, and used it to the full, but it was never a lone hand.) He had a passion for liberty, which meant freedom for others no less than for himself; and a passion for brotherhood, which, again, meant individual but never merely individualistic interrelations; and it was to the marriage of these ideals that he looked for a prolific co-operative progeny. The first of these ideals defines for us by inference what Russell's Co-operative Commonwealth was not. It was not a State and, though communal, it was not in the formal sense communist. Whilst he realised the value of statecraft, he was constantly finding himself in conflict with it. Twice he published pamphlets which he named as *A Plea for Justice*. The first plea was put forward to expose as fiction the false ascription of political intent to the I.A.O.S., and was precipitated by the accusations of a Minister of State. The second plea was an exposure of attacks by Crown Forces in the "troublous times" upon the buildings, goods and officials of creamery and other co-operative societies. These pleas were thus directed against quasi-governmental hostilities, first from the left and then from the right. It was even earlier than this that he had called the State, in Nietzsche's phrase, "the coldest of all cold monsters" and pictured it "quite straddling across the path like Bunyan's Apollyon". "Humanity", he had written, "under State control would be in a *cul de sac*," and, although nothing would have given him greater pleasure than the overthrow of plutocratic capitalism, he did not share what he called "the passion for mechanical justice" which possesses many acute minds of our time, men whose political activities or public utterance he respected. Indeed, in a moment of ardour, not perhaps to be looked upon as expressing an eternal verity, he wrote

that " the State with its power to draw on the public purse is (for co-operators) the only danger worth thinking about ". He had named " the Eden of the bureaucrat " as " the Hell of the governed ", and deplored about equally " the *laissez-faire* policy of letting things alone " and its sequel, " the policy of letting nothing alone ", and averred that " whoever enters the services of the State has to keep his heart under lock and key ". It was, he held, a disaster to be averted that Government should pass into the hands of the expert: " When a people becomes imbecile and decadent they place themselves in the hands of the State." This he deplored as " the tragedy of the decline and fall of the human will ". A.E. was a Rupert of written retort. It would be simple and not wholly untrue to regard these philippics as hasty sallies from a beleaguered citadel whose garrison, as we have seen, was being attacked and their sinews of war depleted.

But a closer study will show that co-operation, as he understood it, could never identify itself with any closed system of State compulsion. Thinking primarily of and for his own country, he held that " civilisation in Ireland must spring out of co-operation ", that being, he held, the genius of the race, once transmitted by the clan system under racial custom and through ancient laws which were still traditionally influencing life. Such a civilisation, all great civilisations, he was convinced, are " built up by the voluntary efforts of men united together through principles which involve self-help no less than mutual help ". He scouted, and not without indignation, the type of person who " calls the policy of self-help doctrinaire cant ". He would have left, " to organise the undisputed platitude " in association with " second-rate industrious persons ", the compulsionists whose scepticism of voluntary co-operation inclines them to brand self-help as a " priggish " teaching. (I see the adjective is introduced, somewhat mystically, into the Foundation's lucid, careful and valuable study, *Co-operation and the New Agricultural Policy*.) But A.E.'s hints of righteous rage must not be taken as an attack on the expert, so long as he is " on tap, not on top ". He

realised weakness in a democracy handling expert problems without expert training. I can recall conversations with him to that effect close on a generation ago. But then, and ever, " I have always ", he said, " preached self-help above all other kinds of help, knowing that if we strive passionately after this righteousness, all other kinds of help will be at our service. I would brush aside the officious interferer in our co-operative affairs who would offer on the part of the State to do for us what we should and could do for ourselves." A.E. would not have helped to marshal the big battalions behind any New Agricultural Policy which, perhaps, living up to planning such as is implicit in its initials, should attempt a Napoleonic regimentation of farming through the combination of vote and veto and, therefore, I have given space and emphasis to his evangel of self-help because it is essential to an understanding of his whole social outlook.

For—and this is the backbone of Russell's co-operative idealism—he held that " the great problem before democracy is the evolution of a social order which will ensure, so far as anything human can be ensured, that the democracy will put forward its best thinkers, its wisest men of affairs, and that it will develop a respect for the men of special and expert knowledge ". How to do this was and is the problem of the co-operative movement, in which and in which alone he saw full opportunity for developing " the true sense of citizenship ". He hoped for the best results from productive co-operation because " the farmers and manufacturers are the wealth creators ", and " the most important factor in securing national prosperity is the power of adaptability amongst the productive classes ". His natural bent was, we have seen, towards the countryman, whose prosperity should counteract the tendencies of modern people " to dwindle away into a little, feeble, feverish city folk ". These aims, it will be seen, though clear cut, are not simple. There are wider fields of speculation involved than economics, and the objectives are not limited to prosperity. He has rejected individualism in accepting co-operation. He has relegated the State to a

subordinate though important place in his commonwealth. He has anticipated fascism only to turn away from its overbearing claims upon a policy whose highest virtue is spiritual spontaneity. He has realised the weaknesses in immature democracy. He sees limitations in socialism similar in kind to the fascist—though he respected its effort to overturn the tables of the money-changers—limitations which will arrest that evolution of human beings into an organic unity on which his whole heart is set. In short, he is the prophet not only of a new order but of a new man, the man of a new, vigorous, regenerative, completely socialised, fully integrated human spirit. That and nothing less is what he works for as the co-operators' goal. "The co-operative associations alone in modern times are capable of creating this spirit. Individualism alone can never create it. The Co-operative Commonwealth alone allows freedom and solidarity. It allows for personal genius, unhampered local initiative."

Such dreams, though economists may entertain them, are beyond the scope of any economic; they cannot be fitted into the schedule or framework of any detailed sociology and the realist is entitled to ask are they valid subjects even for speculation in our times of stress? That they have no adequate technique is true, though it would be unwise to dismiss them as imperfectly meditated extravagances. Less to demonstrate this than because they reveal subtle as well as practical qualities in his mental equipment as an economist, we may examine some minor aspects of his co-operative insight. He has realised, and, I think, better than his contemporaries, that co-operation in these islands is not, at its present point of evolution, a closed and rigid system completely covering every aspect of life and embracing all forward-looking minds, as he would have it become. His foresight takes account of developments which are still in their early phases. The most momentous form in which competition within the movement itself may betray its principles and even its professed objectives is not, perhaps, in conflicts between society and society for regional primacy or local trade; or between creamery and

creamery, for milk supply in productive co-operation; or between one urban society and its neighbour in the distribution of milk, amongst consumers. It is rather in the complex problems of producers and consumers throughout the movement as a whole, which have tended to disunite them and make of it, in fact if not in theory, not one movement but two. Realising that the time to resolve that growing discord had not arrived, and looking to the future, he emphasised for both types of co-operator the importance of carrying on their trading operations as far as possible through Wholesale Societies. He urged all societies to give to those intermediaries such backing as would influence them, in their turn, to see that neither should the consumer be encouraged to exploit the work of the producer, in the interests of buying in the cheapest market, nor should the producer " fleece " the consumer, so as to sell in the dearest market independently of the consumers' immediate interests and ultimately of the producers' own. But A.E. did not profess to regard this tentative counsel as a full solution. That, he thought, would arrive in time, if the principles of co-operation truly permeated the minds of co-operators. He put it forward merely as a piece of practical wisdom, surely a necessary expedient in the conditions of the transitional co-operative stages of today. For he did not suppose the movement's activities had reached their full realisation.

Accommodating dream to business, A.E. had devised a plan for the practical education in affairs of the co-operative worker. Bearing in its lineaments at least a superficial resemblance to the physiognomy of the Corporative State, this plan included vocational councils, chosen from regional co-operative societies or similar bodies charged with the administration of definite local business duties, which councils would, in turn, supply larger bodies, *e.g.* County or District Councils, with their personnel, the whole culminating in the legislative assembly. Throughout this organic chain of representative government, through which, by a process of grading and selection, he hoped that the method of trial and error would sift out " the wisest men

of affairs", he kept the democratic principle in the forefront, active and pacifically militant. Is it outside the bounds of practical politics that some such device should yet develop? Whatever the answer, it is but just to remember that he had had many years of experience in the formation of the basic unit, the co-operative society; that his wise counsel was always at the service of the movement and constantly called for, and that when his work on *The Irish Homestead* closed and the editorship of *The Irish Statesman* succeeded it, he brought with distinguished ability a *flair* for affairs into a wider arena, in which, in spite of the polemical character of the paper's policy, he retained his friendships with politicians of all parties, even throughout our Civil War. Into this phase of his work it is no part of this brief essay to follow him nor shall I attempt here to expatiate upon the depth, breadth and amplitude of his mind or his unbounded generosity of spirit or the tested firmness and multiple flexibilities of his character. Pen and ink are unequal to that effort. But it is necessary to try, however imperfectly, to trace down to their roots the sap of co-operative principle which nourished them and flowed up through his tree of life. I have called it "co-operative principle", but perhaps the phrase "co-operative being" expresses it better. Certain orthodoxies of doctrine do indeed characterise the Irish co-operative movement, as they do the co-operation of Rochdale. They are not unimportant: the acceptance of the theory that the votes in a co-operative society should be the votes of human beings and not of pounds sterling, a limitation of shareholding as a check upon potential plutocracy, the limitation of interest as an additional check on profiteering and the distribution of a "bonus" (miscalled dividend) in proportion to the member's participation in the business done, instead of the so-called "profit"; the provisions which keep share values at par, to defeat monetary speculation; and, throughout the whole, the breath of freedom, the non-compulsive, voluntary impulse which is the life of any organisation co-operative in fact as well as form, which rules cannot create though lack of

them may cramp and kill. All these he believed in, adapted and applied. But orthodoxies in themselves were but as idols, to an imagination which, having exceptional ability to mould forms to its will, could see beyond them. It was thus that co-operation attained for him a significance laid down in no book of rules, measured by no standard of trade or business, limited by no formularies of constitution. Recognising the immense value of organisations, he realised, beyond and above these, the imponderables upon whose secret operations the quality of life itself must turn and, chiefly, the interdependence, rooted in self-dependence, which, when the group is actuated by one impulse and motived spontaneously by truly co-operative intent, means a comradeship of effort in which each contributor is the more individualised because he is no longer isolated but shares through community efforts in a larger life.

To understand in what type of psychology a vision so remote from the commercialism of the markets is, as it was with A.E., a part of the stuff of life itself, is beyond the scope of this article. It must suffice, however insufficient the statement, to record, as a fact within the writer's knowledge, that the liberty he sought was the liberty to give, to create and, through reunion with others, to become ; and that the co-operation through which this was to be achieved was essentially religious, in the sense of binding the participant in the human adventure to identify his interests voluntarily with those of the whole. In an age when disaffection with the inequities of life affects alike those whose physical and moral sufferings can be directly traced to them and those others who feel that economic salvation must be found through some forswearing of " acquisitiveness " (whether by the path of the Marxian dialectical materialism or through some new ethic, such as a fresh application of Christian principles) but who yet lament that they cannot descry a common path to a common terminus, may not disciples of what I will call the higher classlessness find in co-operation, as A.E. understood, taught and practised it, if not a cut-and-dried economic solution at least an inspiration ? Might not his spirit guide many

who misunderstand and distrust each other into a way of peace, hope and co-operating comprehension? A.E. was artist and poet as well as co-operator and perhaps the facts are not unconnected. He was an artist in life as well as in paint and words. Perhaps the co-operator, like the poet, must be born, not made. He certainly cannot be made, not of A.E.'s sort, by Act of Parliament; and, although it would be inexpedient, as it is in fact impossible, to ignore the ramifications of statecraft in relation to such mundane matters, for example, as marketing policies, the question remains as to whether the legacy to society of the Utopians, with whom (and with no suggestion of impossibilism) Russell may be classed, is not of at least as great utility as the bequests of the utilitarians, the Mills and Benthams and later Liberals, aiming through the economics of wealth at "the greatest happiness of the greatest number"? That phrase has worn somewhat threadbare in our century, and it may not be unjust to balance it by a sentence from *The National Being*, in which A.E. expressed it as his aim "to create by the close texture of our organisations that vivid sense of the identity of the people of this island which is the basis of citizenship and without which there can be no noble national life".

One might close an imperfect study of his ideals with that reference to a perfection as yet unattained. But it is natural to anticipate a question: "How much", it will be asked, "of A.E.'s work and idealism will survive in an epoch when, clearly, the time spirit points increasingly in the direction of the policies offering quick and lucrative if rough-and-ready solutions (whether by merely temporary expedients or by far-seeing statesmanship, readers must decide) of pressing problems, in which governments control the dominating factors?" One might cite in reply, amongst other authorities, the opinion of Mr. Francis Peck, of the U.S. Farm Credit Administration, which comes under notice as this article is being written—an opinion based on the reactions of those daring experiments identified with the name of President Roosevelt—that there will be a "constantly decreasing influence of Government control

and Government regulation" in the conduct of the co-operative movement there. And one might hazard the guess that as the limits of economic nationalism are further explored, we may enter upon an epoch of increasing "international co-operation", in the sense, say, in which that phrase is understood by the International Co-operative Alliance. But prophecy, in the sense of professing clear foresight of the near future, is no part of the purpose of this article. Instead of claiming this sixth sense, I prefer to base A.E.'s future fame on the fact that his aims were too high for immediate realisation and that what was the greatest of those aims, if I have not failed in understanding his noble spirit in more than a generation of common work and companionship, *i.e.* the aim "to plant companionship thick as trees"—the phrase is Whitman's and is quoted in *The National Being*—cannot ever be entrusted to organisations save as these are built up of and by actual co-operators. If that seems the weakness of every so-called Utopia, its future fulfilment is, no less, the hope and faith of the Utopians and of many not so named. Perhaps, indeed, all real progress is measurable through its fulfilment. If that hope and faith were to perish, not only co-operation but civilisation would perish with it. It is because he has fostered and disseminated it, that George Russell's fame is, I think and believe, secure in the movement he loved.

A VISIT TO SOUTH INDIA AND NEW ZEALAND

BY

C. R. FAY, M.A., D.Sc.

THIS is a progress report written on the Tasman Sea between Wellington, New Zealand and Sydney, Australia, December 10–13, 1935. It comes at the half-way point in the program of travel which I have undertaken partly with a view to historical research and partly with a view to seeing what more can be done to make the Foundation a clearing-house of co-operative study for the peoples of the British Empire. One thing I can say already. Our task is no longer the preaching of a gospel to the unconverted, but an understanding of its scope and limitations, as revealed by the experience of many lands. In one view it is a technical problem—the structure of markets; in another view, a problem of political science—the relation between the individual and the State. A knowledge of background, i.e. of geography and recent history, is of critical importance in either case.

I landed at Cochin on the Malabar Coast on August 25, 1935, and with Calicut as my headquarters visited the tea plantations of the English and Scottish Joint Co-operative Wholesale Societies, Ltd., in the Wynaad plateau above the Western Ghats. Thence I proceeded to Ootacamund ("Oota"), the summer capital of Madras Province, with a special eye to forestry and quinine; to Bangalore and Mysore City in Mysore State, and to Hyderabad City in Hyderabad State: to Madras City: to Coorg, the centre of coffee-planting—a small State of British India west of Mysore: and thence by Tellicherry on the coast to Colombo. In Mysore State I was the guest of the Government and attended the Dasara celebrations there in early October. I gave the opening address at the Mysore Provincial Co-

operative Conference, at which Sir Mirza Ismail, the Dewan of Mysore—surely one of the most liberal and able statesmen of our day—presided ; and I was taken around various centres of co-operative activity, particularly in Mysore City, being everywhere garlanded, as their kindly custom is. I was motored out to see the official opening of an electric light installation in a small town north of Bangalore ; and as the villagers at each halt gathered around our car to present their requests to the Dewan, I saw democracy in action, lively, good-tempered and remarkably frank. The keenest face at most points was that of the secretary of the local co-operative bank, with his staff around him, glowing with the zeal of service to a great cause. Under the title of " Town and Country " I lectured on co-operation, first to the agricultural students of Bangalore, then to those of Hyderabad in their great new University, which, pile upon pile, by native craftsmen out of native stone, is arising outside of the city within sight of the famous ruins of Golconda. My Chairman was Sir Hyder Ak Bari, patron of learning and co-operation, and he joined himself and the institutions under his control to the Horace Plunkett Foundation with a generosity which took my breath away. In Coorg, where I was the guest of the Commissioner at Fort Mercara, I had conversations with coffee planters upon their marketing problems and I addressed a crowded meeting of co-operators, students and the general public. I entered India at Cochin and left Ceylon at Colombo ; and at both points I was welcomed by the officers of the Co-operative Wholesale Societies of Great Britain. Truly the Rochdale Pioneers built bigger than they knew ! Their far-flung empire of co-operation would take even Robert Owen's breath away.

Our Founder gave his life to the elaboration of a creed which rested on voluntary co-operation (Hyderabad University has promised to translate our text of the Three B's into Urdu !). He came to it as a milestone in the reconstruction of rural Ireland and found his confirmation in Denmark and the many countries which of set purpose have followed Denmark. On its defensive side, it was a

protest against urbanisation, one manifestation of which was the over-emphasis on the wage-earning consumer in the pattern of British Co-operation. We, his successors, are faced by two fundamental changes in the balance of things: First, the entry of the State in country after country into the field of agricultural marketing, and not least in Britain, the traditional home of *laissez-faire*, this entry being at the instance of farmers who have tried, and found the limits of, voluntary co-operation; secondly, an increasing regard in the consumers' co-operative movement for the well-being of the countryside, as well as a desire for the establishment of direct relations between itself and organised producers at home and overseas. This latter change is marked by the presence on the board of the Foundation of a Director of the C.W.S. and the recent decision of the Foundation to place its auditing and bank account with the C.W.S. The voluntary element in co-operation, which was vital to our Founder's conception of co-operation, is safeguarded today more obviously by the consumers' movement, which is wholly voluntary than by the producers' movement, which for good reasons, as I think, is becoming a mixture of voluntary action and state compulsion.

"English and Scottish Joint Co-operative Wholesale Societies, Ltd." is too big a mouthful for the planters, and the Wholesales are called "the grocers", which is more correct than the planters mean; for they deal *en gros*, which is French for wholesale. Like the East India Company of old, they entered India as trading merchants, out to buy; and the quantity of tea which they grow on their plantations is only a small part of their total requirements. The rest they buy from the tea market. But whereas penetration of the continent brought the old East India Company to political dominion at the price, eventually, of its trading functions, expansion by the Wholesales has merely carried them from the coast into the operation of plantations inland. But the mercantile structure is of the essence of their effort; and they use their commercial machinery in India for building up a return traffic of sales to India following

the new notion, which is a very old notion revived, that buying and selling should be in visible contact. Because of their good standing as merchants on the coast, who pay cash and are always in funds, they can do business with Indian wholesalers in their vicinity. They must sell that for which there is a market; and this may mean selling goods of Japanese or German origin, though naturally they will sell the produce of their own factories when they can meet the price. I inspected an exhibit of Japanese goods which the Calicut office was shipping to London, in order that London might see in what lines there is a hope of competing successfully. If the consumers' movement were to develop in India (and there are beginnings in some towns), the C.W.S. would stretch out to it the same willing hand that they are extending to similar effort in New Zealand. The difficulty to be overcome in India is the prevalence of credit trading; in New Zealand it is the relative excellence of the multiple and departmental stores. In both countries the immediate task is to get the name and products of the C.W.S. known, and this justifies sale to the open market when this outlet alone is available. As planters, the C.W.S. have a dual responsibility. They are considerable employers of labour and a unit in the volume of production. They are subject to the production restrictions imposed by the law of Madras Province, as well as to the export restriction imposed by agreement among producers. This introduces them out in India to the problems of restriction encountered in Great Britain and Denmark in respect of dairy produce. Restriction originates with the producer and it allots quotas on the basis of existing output. But the C.W.S. operates in the interest of the consumer; and having a market on which they know they can rely, and having also a demand for tea which is much greater than their own production, nevertheless, they cannot under restriction increase production except by the expensive method of buying quotas. In consequence, the programme of expansion, for which land has already been bought, is disturbed.

In New Zealand I landed in the South Island, and within

an hour of landing I attended, at Invercargill, a meeting of Southland farmers who had gathered on Armistice Day to hear the London representative of the New Zealand Dairy Board expound the new scheme of group marketing, which contemplates the creation of some seven regional units, selling on consignment through selected agents in London. The Danish system, at once highly organised and yet elastic, was held up as the model. From Invercargill I worked north to Auckland, with halts at the four business centres of the Dominion—Dunedin and Christchurch (South Island), Wellington, the capital, and Auckland (North Island). As a first very rough approximation, one might describe the Dominion as two islands of two cities each, which have behind them hinterlands of agriculture, minerals and forests; but the smaller towns are of evident importance, and one of the strengths, as well as one of the costs, of New Zealand life, is its decentralisation. I was fortunate in that my visit coincided with the passing of spring, after heavy rains, in a green and glorious summer: with the general elections so opposite in their result first in Great Britain and then in New Zealand: and with the peak of the lamb raising season and the first wool sales. I paid special attention to the stock and station agency firms, which finance the sheep farmer and handle his business, inward and outward; to the supply business of the New Zealand Fruit Growers' Federation at Hastings, near Napier, two towns that have been rebuilt after a recent earthquake; to the numerous farmers' co-operative trading companies which, though not of the Rochdale pattern, are co-operative in the sense that they originated in the efforts of farmers to enter into the business of supply and sale; and finally, to the dairy co-operatives of the North Island. I was more concerned with understanding the country itself than with securing statistics of co-operative trade.

The contrast between India and New Zealand is, of course, profound. The one is very old, the other very new. The one labours under excess of population, and its rulers, if not the people themselves, allow that this is the primary obstacle to a higher standard of life. The other, thinking

of defence and industrial expansion, descries an increase of population and seems unwilling to face the possibility that a larger population, secured by immigration, will lower the average standard of life, which at present is patently higher than that of Great Britain or Canada or the United States. But the plantation agriculture of South India and the sheep and dairy farming of New Zealand are alike in this, that they are both forms of a commercial agriculture that is specialised to the service of an overseas market; both are very new and both are the complement of industrialism elsewhere. They supply, in company with the Canadian West, the breakfast table of the industrial State. The plantation was possible in crowded India because the tea plant flourishes on high ground, where population was scarce. The workers on the plantation are therefore immigrants, brought from one part of India to another; while New Zealand's working population consists of settlers and descendants of settlers from overseas. The tea plantations assemble native labour under European direction, and by the aid of European machinery supply the working millions of industrial countries with what has become as much their staple drink as wheat is their staple food. In other parts of the world and at other times, tobacco and sugar have been and are cultivated on the plantation or great estate, but not in India. Here the growing of these two crops has expanded rapidly since 1918, but not in the plantation form. Peasants, already growing other things, have taken to them at the instigation of the Government or of a commercial organisation from overseas. Thus Government-aided sugar factories have been established in Mysore State and elsewhere; and with the help of a tariff they now supply a large part of the home market at the expense of Java. Each factory has around it a circle of suppliers who grow cane from stock issued by the Department of Agriculture or in other ways. Similarly, the Imperial Tobacco Company of India has pioneered in the Gunthur district of South India the cultivation of a Virginian type of tobacco. There has for long been a native tobacco industry, yielding crude tobacco to be wrapped in

a palm leaf. European enterprise now supplies the protected Indian market with Indian-made cigarettes of the European type, giving out seedlings and taking back the leaf under contract, very much after the style of the merchant manufacturer of eighteenth-century England. This leaf it re-dries and processes into the cigarette. Such an enterprise must have on its staff agricultural experts, whose task is leaf development.

Clearly the scope of co-operation is conditioned by the structure of the primary industry involved. If tea or coffee planters co-operate, this means that they take common action as employers for the recruitment of labour or regulation of wages, or that they are associated in quota schemes covering production and export. There is no likelihood of individual planters creating a co-operative organisation comparable with the California Fruit Growers' Exchange for citrus fruits, who have processing plant in common and a common selling agency. The trend is rather towards the absorption of the individual planter into the company, the estates being operated by a managing agency at the coast or belonging to tea buyers in England, such as Messrs. Brooke Bonds or the Co-operative Wholesale Societies themselves.

As I tried to visualise, with the help of Indian colleagues, the possibilities of co-operative processing and sale in commercial agriculture of the non-plantation type, I felt compelled to assume an outside body—a State sugar factory, a municipality controlling or itself supplying fresh milk to its citizens, a large-scale commercial enterprise operating a finishing plant, as the peg on which growers' co-operation could hang; and this limits the scope of co-operation. It confines it to the organisation of suppliers around this body for the supply of an improved article of uniform quality in regular quantity, but without any commercial autonomy. This, in principle, is the relation in which the dairy farmers of New York, Boston and Toronto stand to the milk distributors of those cities.

But what of the Indian peasant as a consumer? The coolie of the plantation receives a money wage and sub-

sistence allowance. This is the wage structure which among the coal miners of Great Britain gave birth to the co-operative store, which emerged as a protest against the coal owners' truck shop. It seems clear, however, that the problem of the tea plantation is not on this plane. The tea planter, if he is an honourable employer, is rather concerned to ensure that the money wage which he pays out stays with the coolies for the support of the coolies and their families (the tea pickers are largely young married women). For at present the coolies are in continuous debt to the money-lenders and village traders who cluster around the plantation; and it would be progress rather than reaction if more of the coolies' wages could be secured to them in kind. Meanwhile, the only way in which the C.W.S. can associate its workers with its own ideals is by being a good employer, providing good housing, hospitals and medical service. I was convinced from what I saw that the grouping of estates, five or six estates to the group, provides a unit under which high standards of employment and living can be, and were being, provided.

Where the peasant is an independent producer, he may co-operate for supply. I have not, as yet, in my own mind, a sufficiently clear picture of peasant tenure (the peasant is called a ryot) to be precise here. Paddy (*i.e.* rice) is the staple of South India. The grower will keep back enough of his crop to feed himself and his family. The rest he markets, and with it pays his dues to the State, to his landlord (if he has one), to his merchant creditor or money-lender (who appears in general to own him body and soul). Now the kind of co-operative supply which is so successful in Western Europe—namely, the supply of implements, feed, fertilisers, sprays, etc.—assumes a type of intensive agriculture which I take to be rare in India. I saw outside Bangalore a market-garden area of high-priced land, but suburbs in these days of motor trucking (and in India the motor bus and truck are everywhere) are just the regions in which even in America and Europe one does not hope to see any solidity of co-operation. The tentacles of the town stretch out to the detriment of

rural co-operation. The good growers have special orders for special customers, and so on.

I am thus working to the conclusion, which is identical with the impression left on me by a study of M. L. Darling's books on Punjab agriculture, that co-operative "supply" has its best chance in activities that are not strictly commercial—the joint use of improved breeding stock. Communal effort for the eradication of pests and weeds (the destruction of lantana, for example), societies for the redistribution of land in even blocks, or for the reduction of the costs of marriage and dowries.

When I attended the provincial conference in Mysore City, I was prepared of course for the fact that co-operation hitherto has meant to India co-operative credit and little else; and that this credit is intended to be Raiffeisen credit, even though it differs from the German model in that the borrowers belong to one plane of life and the depositors to another, the depositors being either official bodies or people of substance who deposit funds with the banks, often in the faith that the Government is behind the movement. The idea with which Indian co-operators set out over thirty years ago—namely, that the Government, by temporary assistance, would educate the Indian peasant to credit autonomy—has not been realised and shows no sign of being realised. One might know this without going to India; for co-operative credit has failed just as uniformly among the advanced farmers of the New World, and it has been altered out of recognition under the stress of events in Germany itself. What I did get, however, from my visit to India, was a vivid sense of the crushing ubiquity of debt in every relation of life among everybody I met, peasants and townsmen, wage-earners and salaried persons. A crore is 100 millions, a rupee is 1s. 6d. Madras Province has only half a crore of people. The ryots of this Province, however (a recent inquiry conjectures), have an indebtedness of over 200 crores of rupees. The figure is astronomical. Halving it would leave it astronomical still. Therefore, from the magnitude of the case, co-operative credit cannot replace private money-lending. It is simply a few clean

drops poured in the murky bucket of credit. It was hoped after the War that co-operative banks could be expanded up to the point of controlling the situation. They were spoken of as the hope of rural India. Many societies were founded in a hurry; many loans rashly made. Local societies were crowned with regional banks, regional banks with apex banks. Since the depression of 1930 onwards, where not before, the movement has on a large scale stagnated and fallen into financial embarrassment. And present effort is directed towards cutting out the dead wood and saving the part that is sound. I met with the hope that out of one source of credit not yet tapped to the full, long-term state mortgage credit, some relief might be found, and I think it will. But it is far removed from the voluntary co-operation of the self-financing village bank. It will succeed, I suggest, in proportion as the administration is severe, and I do not think that the element of co-operation will be the decisive element in it.

This is not to condemn co-operative credit. Like unemployment insurance in Great Britain, it is the cushion on which the shock of depression has been taken. Without co-operative credit and the loyal service that is behind it, the condition of the peasant, bad enough as it is, would be far worse. Co-operative credit in the future may get further than in the past by setting itself a more limited task—the making of loans to the selected few who have qualified for such loans by association for some other purpose in the sphere either of supply or sale.

I met, and was received in most flattering fashion by, many devoted servants of the movement. They were mostly townsmen working for the peasant, and I found myself asking this: "Cannot you, as townsmen, lead the way in some form of consumers' co-operation—a store, a building society which will have as its basis cash payment? You earn wages or salaries. Small though these may be, cannot you make your own income go further by reducing the indebtedness which seems to overshadow all? I believe that India today stands more in need of Rochdale than of Raiffeisen and that rural co-operation will never reach a

stable position unless it is accompanied, if not preceded, by some form of co-operation in the towns. The town sets the pace of modern life alike in India and in Europe. How can the peasant achieve a discipline which the townsman declares is impossible for himself ? " Surely the two must go hand in hand.

AN ECONOMIST'S VIEW OF NEW ZEALAND (*Broadcast from Auckland, December* 4, 1935)

If I seem to speak too dogmatically, remember, please, that I am trying to touch in seventeen minutes on things which for their full development would require as many hours.

For just over three weeks I have enjoyed the hospitality of your fruitful country, and thanks to the unintended courtesy of the Seamen's Union of Sydney, Australia, I shall enjoy it for a few days more. I have seen a cross-section of your economic life, beginning at Invercargill and ending at Auckland—sheep farms and dairy farms, the rich green of paddock and mountain pasture, fruit, forest and dredging for gold, rivers so numerous and majestic that I long to rename you " The Land of Many Rivers ". I have met friends, new and old, in your leading business and university towns and taken great rides over stretches of your coast and countryside, both in the South Island and in the North. I have feasted on fern and flower. My mind is thus a film of many pictures which I have had no time to develop. I have, however, for thirty years, studied the economics of co-operation at home and overseas ; ten of these years I spent in Canada, and between these two great Dominions there is, as I see it, a fundamental similarity. Natural resources in both are great and, relatively to potentialities, liquid capital at any given time is small. Both, under the influence of a senior industrialism, have developed a specialised agriculture for an overseas market, so that their interest in the export trade is vital. Both countries have cheap power in the form of water, that sure precursor of industries to come, and to both countries transport problems are of the first importance. The

outstanding problem of an economy such as this is the combination of highly variable returns from foreign export with a rigid internal price structure due to the large amount of resources needed for development and the insistence on a civilised standard of life. I am an English economist, looking at New Zealand's problems through spectacles made in Canada, and thus looking I venture to sum up your problems under three headings: (1) Conservation, (2) Co-ordination, (3) Integration.

1. *Conservation.*—Conserve your resources, which are threefold—natural, human and financial. Canada staged a tragedy in the misuse of land when areas which should have been reserved for ranching were opened to settlers in the semi-arid part of the prairies. I have been told of areas, and seen some, where the early settlers in New Zealand pushed on to high land which should have been reserved for forest. The result is not merely damaging to the land but a sad waste of human effort. The unwisdom of this is seen now, but we must always look ahead; and I suggest that there may be a similar problem in the conservation of your inland fisheries. The right to free fishing is greatly prized, but it should give way, surely, to the preservation of this heritage in the interest of permanent sport.

Conserve, too, your human resources. It is more important to conserve and employ your own people than to introduce immigrants from abroad. After the War, the Canadian Railways were overbuilt, and this was used as an argument for bringing in settlers at a greater rate than that at which the country could absorb them. The result was profitable to the railways and sellers of land, but bad both for the people of Canada and for the settlers themselves. In this very period when public money was being spent on immigrants, Canadians by the thousand were leaving for the United States.

Conserve your financial resources. I don't mean hoard; that is mere folly. I mean, rather face the fact that relatively to your immense possibilities, and indeed for that very reason, your immediate liquid resources are strictly

limited. Therefore, for a new country, and for yours in particular, it is of the highest importance that you should conserve, in the sense of using remuneratively, your financial resources, because if so used they become the basis on which a superstructure of credit, which is only another word for confidence, can be erected. Social credit begotten by depression out of credulity, is likely to prove a stillborn child.

2. *Co-ordination.*—Co-ordinate your economic life. I will give a simple example of this. Inside New Zealand the amount of literature and of service provided by the Government Tourist Bureau is ample and adequate. What I suggest you need to do is to co-ordinate this with good literature on boats that come to your country. Here one wants no free folders abounding in luscious adjectives, but a well-written book on New Zealand, explaining its manner of living, its trees and its flowers, the nature of its livestock and its crops, together with an account of its leading centres both civic and rural. Put a scientist and a man of letters in harness, and sell the product at a sufficient price. From this simple example I pass to a more serious problem—the co-ordination of your transport, which you already have in hand. One great problem of modern society is that invention comes on top of invention before the former novelty has paid for its cost. Here are five methods in competition—water, rail, service car, private car and aeroplane. Unless great chaos and loss are to result these services must be co-ordinated by men who are experienced in transport. Above all expenditure should not be incurred to please local interests. It has been said that the early railways of Ontario, Canada, meandered from town to town in search of a bonus. It was obvious to me as I motored through the great Buller Gorge that here was a tragic waste—great expenditure thrown away which should never have been incurred.

In deciding what work should be completed we must look ahead. There is no good wasting limited resources in completing a railroad if the traffic is nowhere in sight which will ever pay its way or nearly pay its way. It will give

employment you say. True, but it would also give employment to fill the country with Moslem mosques. The futility of this would be obvious, but it is equally necessary in public works to look for the employment which comes not merely, or mainly, from original construction but from the permanent service to which they will later give rise.

Co-ordinate also your economic effort in the wider field of your relations with your neighbours. No one can doubt that if Australia and New Zealand were threatened by a foreign power they would unite in common defence, but why must they wait for this? I am not speaking of political union but of concerted action in the economic field.

Consider the Exchange. If this country, New Zealand, adopts one exchange policy and Australia another, then there is the grave danger that one will benefit at the expense of the other. If one country appreciates its currency this will tend to divert tourist traffic, for example, to the other, unless the country which appreciates its currency at the same time pulls down its internal prices for transport, motor service, etc., a process which is painful and highly undesirable from the standpoint of labour. Similarly the exporters of primary products will suffer when the currency is appreciated unless the price of the things which they buy at home is correspondingly lowered.

But, you may say, we shall avoid this by guaranteed prices. Now I am quite aware that it is possible to guarantee prices on a small scale, *i.e.* for wheat where a country produces only just enough for its own use, or perhaps imports mainly from abroad. My experience of Canadian agriculture leads me to believe that even a country so rich as Canada, with its exceptional resources of gold—a commodity that makes its own market—is nevertheless not strong enough to guarantee its wheat farmers a price which would have been considered remunerative on the price basis of the ten years from 1921 to 1930. There are those who believe that by guarantee anything and everything can be done. I am one who believes that by guarantee certain things can be done, some of which conduce to success, and

others merely to disappointment and discredit; and I do not think that I am being unfair to this Dominion if I suggest that the wholesale bonusing of agricultural exports might involve an expenditure which would not only exhaust New Zealand's credit but at the same time undo the Exchange appreciation of which it is considered to be the complement. Do not forget that the Exchanges ultimately reflect the price structure of the country. No country, not even Great Britain, is strong enough to support an artificial exchange for a long period. It is clear to me that this country is, in its general outlook on life, eminently sane and practical, and I believe that you will not be found wanting at the present juncture.

After the stress of election politics are over it will be wise to get down to this highly intricate problem and look for guidance not only from financial institutions within the country but from those in other countries, with similar exchange problems. I urge you to ask whether you can really afford to depart in isolation from the relative stability that you and Australia achieved when emerging from the crisis, and have since held. A Labour man myself, I wish well to your new Government. Give them the chance to do finally that which mature deliberation commends.

3. *Integration.*—Integrate your economic life. This brings me to my own particular hobby, which is the relation of producer and consumer. Of course I do not advocate servility, but I would urge this on all producers—get close to your customers and keep on the market. I have seen in Canada as well as in the United States, the tragic results to farmers of attempting to maintain prices by withholding supplies. They do but make a market for their rivals in their own, or other countries. The most thorough form of integration is that in which locally organised co-operative societies are associated by groups for marketing overseas. This, I understand, is the purpose of your new Dairy Board programme. Similarly I consider that the South Island in particular owes a debt to the service of commercial and financial integration rendered to the sheep farmers by the Stock and Station Agents. As a co-operator I might wish

that co-operating farmers had made more progress here, but the service must be rendered if the industry is to succeed. I have inspected your magnificent municipal Milk Depot at Wellington. That is the kind of better business at which co-operating farmers must aim.

Integrate your life by developing your markets. This gives you more control over your economic life. If you would follow the example of Britain you will be always on the lookout for new markets as well as new products to sell to those markets. In the Tourist Industry of your own country quite clearly you have a great market, but develop it yet further. Your shipping passes through the Panama. Here in Central America is a great population. From there perhaps much of your oil comes. Have you considered whether they in return could not take your fish and dairy produce? So too in India. You are, I well believe, the greatest consumers of tea in all the world. There are few moments when you are not drinking it! This tea comes from India and Ceylon in particular. Have you developed to the full the possibilities of selling dairy produce in a form suited to the Indian palate? Remember that you, like Great Britain herself, are in the last analysis an island people.

Finally, integrate your life by strengthening your secondary industries. Those nearest to hand are of a twofold type: firstly, the fuller use of your own raw products, *e.g.* a wider range of milk products; secondly, the acclimatisation of industries associated with transport, *e.g.* packing material from your native flax, automobiles and aircraft. You have that indispensable asset to modern industrialism —cheap power. Why should you not make, as well as fly, your own aircraft? You have in your country thousands of Scotchmen and North of England men with mechanics tingling at their finger-tips. Are you using this asset to the full? Brazil fuels her engines with surplus coffee; will you be content to grease your engine wheels with surplus butter?

To sum up, I speak to you as, if I may be allowed the word—as a Labour Imperialist, a hybrid my friends in

England say: a cross-bred, perhaps, I should say here, leaving to you to decide which strain yields the meat and which the wool. I put the cause of labour before that of capital, and I put the cause of the British Empire before that of each component part. The new slogan " First our own Country, then Empire Countries, and lastly the Foreigner," which England learnt from certain of her protectionist Dominions, of which you were not one, is, I believe, disastrous to a policy of imperial economy. It is a reversion to that narrow nationalism, which is the bane of the world today.

In my instincts I admit that I am intensely English, but my deliberate loyalties rest on the faith that a big future, which is not hostile to the future of other countries, awaits a Policy of Empire which is liberally conceived. In this I do but follow my intellectual master, Adam Smith.

One reason I had for coming to your country was that I was appointed last year to be examiner to the University of New Zealand. It is impossible for a professor of one country to examine the economic students of another if he does not know their background. I urge you henceforth to examine your own undergraduate students yourselves and to reserve people like myself for adjudicating on your theses, and, if you can tolerate us, for a visit to your Universities once in a while where we can get down to your problems in company with your own teaching staff. If you give this work of examining to others you deprive yourselves of an insight into your students' minds. You teach in the dark. It is ridiculous to say that you are prevented by difficulties of local bias. Trust your professors, associate them in an Examining Board, and they will do you a service in raising and maintaining your standards which we twelve thousand miles away cannot hope to render.

Au revoir, New Zealand.

AGRICULTURAL CO-OPERATIVE INSURANCE

BY

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SEVERAL factors, natural, social, technical and political, have been responsible for placing agricultural insurance in a special position among general insurance activities. Mutual aid is, in general, a feature more characteristic of a rural than of an urban community.[1] Thus, rural insurance on mutual principles had, in very crude forms, been practised in many countries long before the advent of modern scientific insurance.

The specific character of agricultural insurance is to be found in the nature of the risks covered. Hail and crop insurance, livestock insurance, the insurance of forests against fire, as well as other kinds of rural insurance, differ from urban insurance. In dealing with rural risks, one cannot often be aided by reliable actuarial tables, and in some branches of rural insurance no adequate statistical data has yet been collected or made available, largely because the experience of losses is of a widely varying nature, extending over a series of favourable and unfavourable years.

The technique of agricultural insurance is influenced by two special features. One of them is that it has to deal with policy-holders who often live at a considerable distance from one another, necessitating a widespread net of agents and inspectors and involving a considerably higher cost of operations. The second feature is that close local supervision of the policy-holder and of the insured objects is of paramount importance. The personal character of the policy-holder and the care exercised by him over his household, his livestock, machinery, etc.—in a word, the moral hazard—is of the greatest significance in many branches of

[1] See " Co-operative Insurance," by Dr. N. Barou, *Year Book*, 1935.

rural insurance. It has also a direct bearing on the cost of insurance and the actuarial calculation of premiums. To ordinary insurance companies for which it is very difficult to be in close personal contact with the rural policy-holder, the moral hazard is naturally too vague and undefined and impossible of prediction. Their rates are, therefore, often prohibitive for the farmer. On the other hand, non-profit-making insurance organisations established by the farmers for the farmers, can make full use of mutual control and supervision by their members, and thereby diminish considerably the moral hazard and the cost of insurance.

Finally, the political factor has played a great part in the development of agricultural insurance, which has been often influenced by considerations of the general or rural policy of the State. In many countries the Government and municipal authorities take considerable interest in agricultural insurance and support it financially in different ways. They help to establish rural insurance institutions by subscribing to their capital and by granting subsidies and fiscal facilities, with the object of decreasing the cost of insurance and bringing it within the financial capacity of the farmers.

Rural insurance deals not only with the same risks as insurance in towns, but with many different ones. The special rural insurance risks are connected with the economic activities of farmers and are covered by fire, hail, windstorm, livestock, forest fire, strike, accident (employers liability) and motor-car insurance, etc.

Fire insurance is of very great importance to the rural population. It has been estimated that the value of farm property in the U.S.A. which was insurable against fire amounted in 1920 to nearly 26,000 million dollars. Unfortunately, very little is known, even by the United States Department of Agriculture, as to how much of this farm property was insured and no adequate data was available " in regard to the fire losses sustained by farmers ".[1] The local mutual and co-operative fire insurance associations, transacting business within a small territory, such as the

[1] United States Department of Agriculture, No. 195, 1924.

local fire insurance societies in France, Belgium, Italy, Latvia and Tunis, or such as the parish and municipality mutuals operating in Canada and the co-operative fire insurance associations in New York State and elsewhere, function satisfactorily. Their success is to be attributed to the fact that they provide members with reliable insurance at a lower cost than other insurance companies, and treat them fairly by a reasonable and just interpretation of policies. A special form of insurance against forest fires is conducted on co-operative lines in Norway.

Another form of insurance which is of special importance to farmers is insurance against windstorms. The loss of life and property resulting from windstorms is very considerable, and in the U.S.A. it reaches over 10 million dollars a year. Windstorm risks are covered by mutual companies, but these have to operate over a large area, since a windstorm may sweep clean the buildings of a wide tract of country, even a whole state.

Hail insurance is one of the oldest branches of insurance. It was instituted by farmers for farmers, and it was the co-operative impulse of mutual assistance which brought it into existence. Since hail losses are concentrated on a relatively small number of farms and may be singled out from losses from other causes, it was possible to insure against hail risks and keep expenditure at a reasonable ratio to premiums. In many countries, including Prussia, France, Italy, etc., the State has united the small local hail insurance associations in a wide national system by promoting appropriate legislation and supporting them with grants and subsidies.

Even when the first attempts at hail insurance were not successful the farmers made constant efforts to re-establish the necessary institutions and urged the State authorities to pass the required legislation and to grant financial assistance. As a result, hail insurance is organised in many countries on a mutual basis with the help of public authorities, and its prevailing character is that of a non-profit-making enterprise. Sometimes this special character of hail insurance influences rival commercial insurance companies,

which operate this branch of insurance, even when it does not show sufficient profit.

At present the cost of administration of many of the hail insurance institutions in different countries, and particularly in the larger institutions, is very high. In countries where distances are great, means of communication inadequate and costs of expert inspection very heavy, the high cost of administration can be reduced only by degrees, as the economic development of the country proceeds. In other countries the high costs are due at least in part to faulty administrative methods. It is accordingly not surprising that in many countries the question has been raised recently whether in this branch of insurance an introduction of compulsory insurance might not reduce the high costs connected with obtaining new business and other administrative expenses, and thereby improve and render more uniform the settlement of claims. In this connection some authors argue that it may be considered advisable to include hail insurance institutions in the occupational organisation of agriculture.[1]

Livestock insurance covers a very important part of farmers' capital, since losses from disease are at times very heavy. In the U.S.A. during 1890–1925, the estimated yearly losses of horses from disease ranged from 14 to 22 head per thousand, cattle from 12 to 24 head per thousand and hogs from 41 to 144 head per thousand. The position in many European countries is much worse, and the need for livestock insurance is greater than in the U.S.A.

In livestock insurance, actuarial calculation of premiums is very difficult by reason of the special importance of the part played by the individual policy-holder—owner of the insured stock—in the care he exercises and in the moral hazard he represents. This imponderable element remains of great importance even in countries where veterinary services are efficiently organised to cope with epidemic

[1] See Dr. W. Rohrbeck, "Agricultural Insurance in Relation to International Action," *Inter. Review of Agriculture*, 1933, No. 12, p. 506.

diseases. The primary condition of sound livestock insurance is that public authorities and private individuals alike exercise a proper control over epidemics. But it is important for the success of this branch of insurance that a definite control should also be exercised over the owners of livestock in regard to the care and proper handling of their animals. Such control is most effectively exercised through small local unions wherein the farm management of each individual owner comes naturally under the observation of other owners. The weakness of this type of organisation lies in the fact that it becomes effective only when provided with proper re-insurance facilities.

Agricultural co-operative insurance exists in more than thirty countries and is operated by a variety of organisations. It is, therefore, essential to find a proper classification for these numerous and diverse insurance institutions. It must be said at the outset that the difficulty of classification is considerably increased by the fact that only in a limited number of countries are local insurance co-operative and mutual societies grouped around one central re-insurance institution. In other countries agricultural co-operative and mutual insurance institutions operate side by side, and their activities will have to be described simultaneously.

It is proposed to start with Raiffeisen's organisations of rural co-operative insurance and the institutions of the Raiffeisen type in Germany, India and Bulgaria. Then will follow a description of the agricultural general co-operative insurance societies, covering different classes of rural insurance for the whole country. These societies will be grouped in four divisions: (*a*) primary societies formed by individual members in Great Britain, Hungary, Italy and Australia, (*b*) secondary societies formed by local insurance societies and their members in Latvia, Lithuania and Estonia, (*c*) subsidiary companies formed by the central co-operative agricultural institutions on a basis of a mutual or limited liability company in Great Britain, Belgium and Finland, and (*d*) the co-operative societies in Russia and the U.S.S.R. In the third place, the State-aided national system of mutual insurance in France and Italy will be

considered. Next, attention will be devoted to the activities of the special rural insurance societies which subscribe only *one* specific class of rural insurance, e.g. fire, hail, live-stock, accident and other classes of insurance. And finally, the insurance institutions formed by employees of rural co-operative societies will be dealt with.

I. The Raiffeisen System

Looking in vain for traces of a theory of co-operative insurance through the numerous co-operative publications, one is astonished to find that the only serious attempt to formulate such a theory and to put it into practice was made by Raiffeisen more than sixty years ago (1872).

In contradistinction to his contemporary, Schulze, Raiffeisen was aware of the importance of a centralised credit system and tried to establish provincial and central banks for his credit associations. He wrote to Jager in January, 1873: "Experience teaches us that it is advisable to start the building of a credit system, with the establishment of central institutions. They serve as a trunk on which the associations will grow."

But Raiffeisen saw not only the necessity of a central co-operative credit bank; he also understood very early the importance of connecting such a central bank with a central insurance society There were three main reasons for the establishment of such a joint credit and insurance system. The first and most important of them was, that insurance would immensely strengthen the position of the borrowing members of the rural co-operative credit societies. As Raiffeisen pointed out: "There can and will occur cases when, after having paid out a great part of the purchase price of an acquired farm, a diligent and thrifty head of a family dies, and it will be impossible for the widow to make further payments and at the same time to bring up the children. The credit association must not under their rules give any presents. On the contrary they have to see that all arrears are punctually paid up. If the head of the family would insure his life for the sum he owes, the widow would not only remain in possession of their real

estate, but would also get a small surplus which would help her." [1]

The second reason was the general need for introducing personal insurance to the rural community. In Raiffeisen's time, pension and annuity insurance was unknown to the small agriculturist, because he had not yet been shown the use of such an insurance service. A pension of even one thaler or guilder paid monthly to an old person, and the payment in the event of his death of only two thaler or guilders to his survivors would be a great help in bad times. But the poorer elements of the rural population had not had much chance to become insured, because the insurance societies at that time exercised a special choice of clients, having an eye only for well-to-do persons. The credit societies, knowing the character of their members and being capable of acting as guarantors of their material and moral standing, could open wide possibilities for insurance of that part of the rural population that was hitherto denied its benefits. The local co-operative credit societies could be easily made use of for the purpose of introducing mutual insurance even to the poorest groups of the population.

The third reason was the importance of using the reserve and other funds of the insurance societies for building up a long-term credit system for the rural population. The efficiency of the rural co-operative societies could be immensely enhanced if the millions paid to insurance societies by the rural population in premiums could find their way back to the co-operative system for re-employment. This would satisfy the general need for credit in rural districts

[1] An interesting application of this principle is found in Turkey. The Co-operative Garden City Society in Turkey, established in 1935, is a co-operative housing society, the members of which acquire houses, built by the society, by making payments of monthly instalments over a period of twelve years. A provision is made in the Society's rules, that, in order to ensure the payment of outstanding instalments due on a house built for a member who dies, the co-operative society shall take out a special life insurance policy, the premiums of which shall be paid by the member concerned. International Labour Office Co-operative Information, 1935, No. 12, p. 5.

and help the development of co-operative activities in agriculture.

In addition, premium reserves which in life insurance societies are fixed for long periods and cannot be withdrawn before a certain date, are of special interest to rural credit institutions. By employing these reserves as long-term credits, credit associations could satisfy their long-term capital needs which were of so great an urgency. They could, that is, command large amounts of capital which, though accumulated by their own activities, was often lost to them.

After long years of study and after numerous conferences with representatives of credit societies, Raiffeisen came to the conclusion that only by close collaboration could co-operative credit and insurance institutions achieve the maximum results in regard to safety, volume and cost of credit. His reasoning was that societies would be able to raise large funds from insurance reserves, that the additional guarantees asked in different societies from borrowing members under certain circumstances could be replaced by life insurance policies which, in the event of the debtors' death, would cover the loan and free the guarantors. Moreover, Raiffeisen realised that old age pensions could be assured, and thus saw in the extension of insurance in that direction an important measure for raising the general standard of life. Raiffeisen therefore came to the conclusion that it would be essential to organise for credit societies special complementary co-operative societies for insurance of life, pensions, etc. In cases of illness or death, when repayments of loans from co-operative societies cease, such insurance societies would meet the deficiency in accounts. Both institutions would supplement and support each other in their work of ameliorating the conditions of the rural population. The Central Co-operative Insurance Institution could rely entirely on the credit societies acting as its agents.

Raiffeisen was very optimistic about the prospects of the complementary central banking and insurance organisations. He wrote to Director Baist : " In conjunction with

your bank, there would be set up a central life and old age pension insurance institution, principally for the working classes but open to all other classes. This institution would supply all the necessary funds and both institutions would supplement each other. The central banks, with their credit societies spreading into every village, would serve as cheap and reliable agencies for the central insurance institution. The whole work would be of great benefit to us, our descendants and our country." [1]

There would naturally be a division of labour between these two institutions. The principal aim of the central bank would be to organise credit societies, to give their members an opportunity to deposit their savings in a safe profitable way, and to grant them loans on the most advantageous terms. Through its insurance institution the bank would subscribe life and annuity insurance in accordance with mutual principles, and thus better the conditions and standard of life of the members of the credit societies, whose stability would be increased by the same means.

Raiffeisen considered that the great advantage of co-operative insurance would lie in the fact that it could subscribe insurance for different groups of the rural population. " To let the richest estate owner become a member of the same insurance co-operative society as the poorest day worker, will help to produce special mortality tables for different classes and professions in the same manner as in fire insurance, where great palaces and poor huts are insured simultaneously." [2]

The operations of Raiffeisen's co-operative insurance bank could be secured, even without guarantee-capital, by the obligation to pay out the whole insurance policy only when the total insurance sum of each separate class reached such a magnitude that it would by itself guarantee security for all cases. Raiffeisen estimated that the following figures for each separate insurance group would have to be reached

[1] Wuttig, *Versicherungs und Genossenschaftswesen als Wechselseitige Hilfsorganisationen*, Berlin, 1914, p. 20.

[2] Wuttig, *op. cit.*, p. 66.

before the payment-obligation of the co-operative insurance bank would become effective:

Insurance	from	100	to	500	Thaler	. .	500,000
,,	,,	600	to	1,000	,,	. .	500,000
,,	,,	1,100	to	2,000	,,	. .	500,000
,,	,,	2,100	to	3,000	,,	. .	800,000
,,	,,	3,100	to	5,000	,,	. .	1,000,000

If the insured person's death occurred before the payment-obligation became operative, the heirs of the deceased would receive a refund of the whole sum paid in premiums plus accrued interest at 5 per cent.

Non-members of the credit societies might also be admitted as policy-holders but would have no right to be represented on the management bodies. Every profession would have to pay special rates according to its own mortality table, and the working-class policy-holder would have a special privilege of paying weekly or monthly through his credit association. The carrying of risks connected with especially dangerous professions would be made safer by re-insurance.

Raiffeisen was not able to put his insurance scheme into operation because the German Government was unwilling to legalise the dual credit-insurance organisation. His plans were subsequently revised in Germany and the development of co-operative rural insurance in other countries has taken different forms and only followed his advice much later.

Before co-operative insurance societies came into existence, the two main agricultural co-operative federations in Germany subscribed insurance cover for their members by acting as agents for the larger private insurance companies and collecting the premiums for them. The auditors of the co-operative federations advised their members as to suitable insurance companies for particular purposes, explained to them the importance and benefit of insurance, and arranged the appointment of trustworthy representatives for separate co-operative societies.[1]

[1] Establishment by co-operative societies of their own insurance societies.—*Deutsche Landwirtschaftliche Genossenschaftspresse*, Nos. 15 and 16, Berlin, August 15 and 30, 1923; *Jahrbuch für National Economie und Statistik*, Part 6, Jena, 1923, pp. 283–4.

It was soon evident, however, that the co-operative movement would gain a good deal by establishing its own insurance institutions. The Raiffeisen idea of grafting an insurance scheme on to the co-operative agricultural system in Germany was, therefore, revived in 1922, when various societies for life and property insurance were organised to serve the Raiffeisen co-operative associations and their members. Two of them—the Raiffeisen Life Insurance Bank (Lebensversicherungs Bank) and the Regeno Life Insurance Bank, established later—subscribed life insurance. Two other societies—the Raiffeisen General Insurance Society (Allgemeine Versicherungsgesellschaft) and the Regeno Insurance Society of the Union of German Agricultural Co-operative Societies (Versicherungsgesellschaft des Reichsverbandes der Deutschen Landwirtschaftlichen Genossenschaften)—dealt with insurance against fire, burglary and other property risks. In recent years the two societies of each group subscribing life and property insurance respectively have amalgamated in one society, the Regeno-Raiffeisen Life Insurance Bank (Lebensversicherungs Bank) and the Regeno-Raiffeisen Insurance Society (Versicherungsgesellschaft).

The Raiffeisen Life Insurance Bank subscribed only life insurance. At the beginning of 1932 it had issued insurance policies to the value of 108,547,038 M. Of these, 11,082 policies for 38,968,877 M. were issued in individual insurance against death and 4,050 policies for 69,578,161 M. in reinsuring the Raiffeisen local insurance bodies (Sterbekassen). The total assets of the institution amounted to 10,967,387 M., composed of: legal reserve fund, 250,000 M.; insurance reserve, 6,784,056 M.; bonus-fund of the policy-holders, 1,804,524 M.; undivided profits, 840,655 M.; plus miscellaneous smaller funds. These funds were mainly invested in mortgages—8,538,152 M.—loans to policy-holders representing only 528,971 M.

The second life insurance institution, Regeno Life Insurance Bank, operated on lines similar to the Raiffeisen Life Insurance Bank. At the beginning of 1932, it had 53,650 policies in force with a cover of 56,928,363 M., its

premium income totalling 2,418,540 M. and its assets, 3,274,298 M. In 1932 the two institutions were amalgamated in the Regeno-Raiffeisen Life Insurance Bank. After two years of operation, this institution had, at the beginning of 1934, 51,373 policies in force with insured values of 120,441,541 M., including 13,292 ordinary insurance policies for 48,507,871 M., 33,098 popular and annuity insurance policies for 29,315,296 M. and 4,983 collective policies issued to life insurance associations for 42,618,374 M. The total assets of the institution amounted to 17,473,887 M., out of which 11,695,759 represented insurance reserves and 2,693,980 M. bonus funds of the insured. The profits for 1933 were 535,813 M. The greater part of the assets was invested in mortgages, 11,986,080 M., and securities, 1,290,541 M.

The Regeno society for property insurance was formed under the auspices of the National Federation by the participating associations, including 42 federations, central banks and leading co-operative societies connected with the National Union. The objects of the institution were to insure against actual losses caused by fire, burglary, civil liabilities, damage to goods in transit, etc. The society considered it as its main task to subscribe insurance facilities on modern lines for the local co-operative societies, as well as for individual members, with particular regard to the special needs and conditions of agriculture. It was hoped in the interests of farming to do away with under-insurance of property, a widely prevailing condition involving serious risks.

The Regeno Insurance Society of the National Union of German Agricultural Co-operative Societies, later known as Regeno-Raiffeisen Insurance Ltd., subscribed all kinds of insurance—fire, burglary, accidents, motor-car and general insurance. Premiums received during 1933 amounted to 3,371,227 M., out of which 1,101,320 M. were for insurance on own account. Total disbursements during the year aggregated 1,403,220 M. and total assets 5,270,618 M.

In the middle of 1934 the Society changed its name to

German Farmers' Service General Insurance Society, Ltd.[1] (Deutscher Bauerndienst Allgemeine Versicherungs A.G.). During 1934 the society received a premium income of 4,475,634 M., of which 1,943,625 M. were for own account, and paid out in compensation 1,764,503 M., of which 771,199 M. were paid for own account. Expenses have been considerably increased. From 647,988 in 1933, they have risen to 989,782 M. in 1934, and are classified under the following headings: commission, 178,600 M.; overhead expenses, 675,987 M.; taxes and social expenses, 144,194 M. Out of the society's 4,000,000 M. of guaranteed capital 1,375,000 M. was paid up. Reserves stood at 882,211 M. and the profits for 1934 aggregated 261,897 M. Total assets as on January 1, 1935, were 4,300,984 M., of which 2,264,430 M. were deposited in banks and 861,059 M. invested in securities.

Raiffeisen's ideas have exerted a considerable influence on the organisers of life-insurance co-operative societies in India. During the last few years it has become evident that there is a genuine and widespread desire among co-operators in India to establish insurance societies on a co-operative basis. Starting in 1930, many new co-operative insurance societies have been formed, and there is already on foot a sound and progressive movement for the amalgamation of these societies in a United Co-operative Insurance Society of India.

The Bombay Co-operative Insurance Society, Ltd., was established in 1930; it has developed very successfully, bringing insurance to the door of the small man. Policies are issued even for as small a sum as 150 Rs., while the maximum is at present limited to 2,000 Rs. Co-operative societies act as agents for canvassing insurance business among their own members, and agents' commissions—not a negligible item—are saved for the members. In the interests of members and sureties, and in their own interests,

[1] As explained in its last Report for 1934, its aim is " der Dienst am deutschen Bauern, der unser Fuehrer als Lebensquelle und Blutserneuerer der Nation bezeichnete, soll in erster Linie unsere Loesung sein."

the co-operative banks require the loan applicants to insure themselves in their own co-operative insurance society. The credit societies are also considering a plan to pay the premiums for their members for at least three years, till the policies acquire a surrender value, and to recover the advance by instalments like any other loans, but without interest, since the agent's commission received by the society will more than compensate it for the loss of interest.[1]

A second society, the Bengal Co-operative Insurance Society, Ltd., was established in 1930 for the purpose of subscribing life insurance, and during the four years of its existence it has made considerable progress. On June 30, 1934, it had Rs.24,765 in one rupee shares subscribed and fully paid up, and its total assets amounted to Rs.66,289. In their Report, the Board of Directors emphasise the fact that " the ratio of policies lapsed during the year to the total business in force at the end of the year as in the two previous years has been maintained this year at 3 per cent." [2]

The Raiffeisen plan to link up the central co-operatives with a central insurance society has found a new expression in the organisation of the South India Co-operative Insurance Society, Ltd., Madras. The aim of the organisers of this society was to make the co-operative central banks and select urban and rural banks the main instruments in working the scheme and thereby keep down the expenditure

[1] Extracts from the Presidential Address of Professor H. L. Kaji at the 2nd Urban Co-operative Banks Conference, Bombay.— *The Madras Journal of Co-operation*, April, 1932, p. 515.

[2] The Actuary of the Society makes the following comment on its activities: " Undoubtedly this has been a boom period in insurance and in its wake good, bad and indifferent institutions have sprung up. The insuring public need, therefore, plans of sound scientific assurance, worked by honest and expert management, with sympathy, economy and efficiency under the guidance of sound advisers. Likewise, it is an obligation cast on the public to eliminate the middlemen and to maintain continued connection with the company of their choice, for in this way they can reduce expenses and avoid lapses which are at the present two sources of danger. The Bengal Co-operative Insurance Society, Ltd., satisfies all these needs and will, I hope, receive the choice and sustained support from the discerning public."

on outside insurance agencies to as low a figure as possible. The banks are admitted to membership on their taking shares in the society to any extent they desire. Local boards of the South India Co-operative Insurance Society, Ltd., are established at the headquarters of every central bank, and the area of the operations of such local boards is coterminous with that of the central bank. When the local board selects agents to canvass business, reference is given to inspectors and supervisors of co-operative societies who, in the opinion of the board, will prove efficient and trustworthy. The Head Office guarantees a reasonable sum to the local board for its office expenses, besides supplying all the necessary forms, accountancy books and literature. Every policy-holder, after being approved by the Head Office, pays his premium to the local board, which issue receipts on behalf of the local society. Accounts are opened in the name of the society at the central bank to which the board is attached, and all money received by the local board is credited to that account. The central bank remits the money to the account of the society in the Madras Provincial Co-operative Bank, Ltd.[1]

The society was registered in response to a genuine and widespread desire among co-operators to establish an insurance society on a co-operative basis. The Articles of Association express this aim very clearly: "All policy-holders are shareholders and members of the society and no individual can own shares without purchasing a policy. Hence the interests of the policy-holders and shareholders are identical" (par 2). The business was started in March, 1932, and by November 15, 1934, 1,801 policies from Rs.100 to Rs.2,000 were subscribed and issued for a total of 16 lacs. The last report (June 30, 1934), shows that 1,311 members have subscribed Rs.42,999 to the share capital of the society—1,276 individuals holding 5,099 shares and 35 institutions holding 37,900 shares.

Two other co-operative life insurance societies have been established in India during the last three years. One of

[1] *The Madras Journal of Co-operation*, April, 1932. Supplement to the issue, pp. 1 and 2.

them is the Travancore Co-operative Insurance Society, Ltd., Trivandrum, registered in 1932; the other is the Indore Co-operative Insurance Society, Ltd., Indore, registered in 1933. A new society is about to be established in Bihar.

The following table shows the comparative position of the co-operative insurance societies in India:

Co-operative Insurance Societies of: / *Date of Information:*	*Bombay.* 31.iii.1934.	*Bengal.* 30.vi.1934.	*Madras.* 15.xi.1934.
	Rs.	Rs.	Rs.
Number of policies in force. .	1,358	—	1,801
Sums assured	9,85,018	—	16,00,000
Yearly income from interest and premiums	56,795	16,312	49,320
Yearly expenses: paid to agents	21,345	—	—
,, ,, overhead expenses .	14,701	10,577	—
,, ,, claims . .	4,530	0,523	—
Total assets	70,133	66,289	78,604
Life Assurance Fund . . .	27,871	12,863	11,459
Investments in trust securities	55,206	—	10,451
Deposits with co-operative banks	9,849	26,090	34,617
Deposits with controller of currency	—	20,796	19,816

Another agricultural co-operative insurance system, greatly influenced by Raiffeisen, operates in Bulgaria. The local co-operative credit societies—the People's Banks—have in many places established special insurance institutions. At the beginning of 1933, 72 out of the 223 People's Banks in Bulgaria had such affiliated insurance units. The main feature of the Bulgarian system is the obligatory principle: every member of the People's Bank has to become simultaneously a member of the insurance institution, if such is established by the bank. The second feature is the equality of all members, both in respect of their rights and their duties: all members pay the same premiums and receive the same benefits, notwithstanding differences of age or occupation. The insurance sections differ from one another in the aims with which they operate. Some sub-

scribe life insurance cover and pay a certain sum to the heirs of the deceased member. Others undertake a much more difficult and important task, namely, the partial or total payment and settlement of the late member's partial indebtedness to the People's Bank. In such sections, Raiffeisen's main idea, the combination of popular credit with the insurance for the members of co-operative credit institutions, is realised.

The insurance sections practise two different types of life insurance. Some of them operate on the basis of fixed premiums and fixed benefits, others work on the system of levies, which are payable on the death of a member. The life-insurance sections usually have very small reserves and often receive grants out of the surpluses of the People's Banks. In some of the life insurance sections there is a fixed proportion between the amount of credit granted to a member by the People's Bank and the sum insured and payable to his heirs. The dividends which a member receives from the bank often serve to cover the premium for insurance.

Nearly a third of all the People's Banks have established insurance sections, which have issued policies to 50,412 out of 169,700 members. Insurance sections attached to People's Banks are of varying size and as far as information is available are distributed in the following manner : banks with a membership up to 500 have 31 sections ; those with a membership from 501 to 1,000, 16 sections, and those with a membership from 1,001 to 3,000, 17 sections. The premium rate differs considerably in different sections, but in all except four, they are the same for each member. In 19 sections the premiums are not fixed in advance. At the beginning of 1933, the resources of the sections amounted to 16,025,015 levas, of which 4,629,244 levas were placed to reserves. The sections manage their funds independently.

Apart from life insurance, all the other classes of insurance for the rural population—hail, livestock and fire—were subscribed by the insurance sections of the Central Co-operative Bank and will be dealt with later. The insurance is voluntary and is based on mutual principles. The rates are not lower than that of the private companies, but surpluses are

used for paying bonuses or reducing premiums to policy-holders.

In 1935 the two banks—the Agricultural and the Central Co-operative—were amalgamated, and the insurance section of the Agricultural and Co-operative Bank of Bulgaria functions at present as a section of a public institution, operating on a non-profit-making basis. By covering at a low cost the insurance needs of the rural population, it aims to help the development of agriculture and the national economy of Bulgaria. The section has by special legislation the monopoly of insurance against hail and of livestock and fire insurance for state and communal institutions.

The efforts of the Bulgarian Government to foster agricultural co-operation have met with considerable success. At the end of 1932, there were in Bulgaria, 3,878 co-operative organisations, with 776,444 members; of these, 2,962 were rural co-operatives with 319,595 members. Co-operative insurance organisations numbered 987 with 178,064 members.[1]

Further progress has been made during the last few years. In 1935 there were 750,613 farmers and landowners in Bulgaria; out of them 117,440, or 15 per cent. were insured co-operatively against hail and 77,522, or 10·3 per cent. are covered by co-operative livestock insurance. The funds of the insurance section are 45,000,000 leva, and reserves 71,375,825 leva. They are deposited with the Agricultural and Co-operative Bank of Bulgaria and partly invested in securities (8,000,000 leva). The management expenses of the insurance section for the last year were 3,434,623 leva or 8·7 per cent. of premiums paid. The Borough Councils, People's Bank and co-operative credit societies act as the insurance section's agents at a very low commission.

The insurance section does not do any re-insurance operations. Each branch of the insurance section operates its own insurance activities and is governed by a council, which considers and decides all important questions. The insurance section has its own Arbitration Committee whose aim is to settle the differences which arise between the Section and the policyholders, before going to court.

[1] See *Revue des Études Coopératives*, 1935, No. 56, p. 349.

II. The General Insurance Societies

A. Primary

Co-operative societies subscribing different kinds of rural insurance on a national scale for individual farmers operate in Great Britain, Hungary, Italy and Australia.

The Agricultural and General Co-operative Insurance Society, Ltd., was founded in Great Britain in 1908 to carry on for its members the business of mutual insurance against damage by fire and against employers' liability to pay compensation or damages to workmen employed by them in case of an accident during work. Subsequently the rules of the society were amended to allow the subscription of any class of insurance except direct life and personal accident. The society commenced business with a fund of £20,000 in hand or at call to meet claims. The funds increase by annual allocations to reserves out of profits and by the issue of £1 ordinary shares, which members are invited to subscribe in lots of not less than four. Members have the option of paying up their shares in full or of advancing 5s. on each share. The maximum dividend on ordinary shares is 5 per cent., at which rate it has been regularly paid since the beginning of operations. The total number of shares an individual member may hold cannot exceed 200.

The society may authorise agricultural societies, farmers clubs and similar organisations to act as agents and may allow them a commission of 15 per cent. on their members' premiums. Any individual, society or company holding a policy is eligible for membership, subject to the approval of the Board of Directors. When a bonus is declared, a member not holding 200 fully paid shares is paid one-half in cash while the other half is credited to his personal reserve account until it amounts to double his annual premium. Thereafter the whole annual bonus is paid in cash to the member. If a member wishes for any reason to resign from the society, the Directors will, on application, refund him the personal reserve standing to his credit and

cancel his membership: while, in the event of a member's death, the personal reserve is paid out to his heirs.

The principal classes of business transacted by the society are: fire, livestock, motor-car and tractor, accident and life insurance. Fire insurance is subscribed at the usual rates, but all fire policies issued by the society cover the risk of lightning without extra charge. Inclusive policies covering all insurable risks, are also issued in respect of the contents of private dwellings. The society undertakes the insurance of horses, foals, mares, etc., on favourable terms with a " no-claim " reduction of 10 per cent. on the renewal of annual livestock policies. The society's motor plough and tractor insurance policy embodies several special features, whilst premiums charged are moderate. The society issues to its members, in regard to employers' liability policies at reduced rates; it issues also specially favourable policies covering accidents in connection with horse-driven vehicles.

In regard to life insurance, arrangements have been made with the Marine and General Mutual Life Assurance Society whereby the General Co-operative Insurance Society acts as its agent. Five per cent. of the annual premium payable on a policy taken out with the Marine and General through the society is credited to the members' personal reserve account. The annual bonuses received by members have averaged over 18 per cent. of the premiums paid under their profit-sharing policies (1909–33).

The membership of the General Insurance Society at the beginning of 1935 was 5,542. The net total premiums from all sources, after deductions for re-insurance, amounted to £13,375, and claims, including all outstanding liability claims, to £6,394. A dividend of 5 per cent. per annum was paid to shareholders, and members received a 15 per cent. bonus on fire and 5 per cent. on life insurance policies. The balance sheet on January 1, 1935, shows total assets of £37,772, with a paid-up capital of £9,096 and reserve funds of £23,831; out of these assets £32,086 are invested in gilt-edge, municipal and railway securities.

In Ireland, rural co-operative insurance has not been suc-

cessful. It has been discussed at various times, but the only current instance appears to be a creamery scheme which one society has carried on for a few years.[1]

The largest and most important co-operative insurance society in Hungary, the Farmers' Co-operative Insurance Society (Gazdak), was established in 1899. At the time the position was such that, particularly in respect of hail and fire insurance, farmers had no choice but to insure with companies which had formed themselves into a ring. After the great hailstorms of 1897 and 1898, these companies increased hail insurance premiums by 100 per cent. It was mainly in order to free themselves from this dependence that the farmers founded their own co-operative insurance institution. The post-War financial disorder forced the society to make a temporary agreement with the large insurance companies, and to link itself with them for the protection of its interests and the fixing of the level of insurance premiums. With the stabilisation of the currency in Hungary the co-operative society severed in 1927 its connection with all other insurance companies.

The "Gazdak" receives no grant or subsidy from the State, but the latter participates in the share capital with a holding of 1,238,400 pengö. The management committee

[1] See *Agricultural Co-operation in Ireland*, p. 395. "The society three years ago initiated a Cow Protection Association, which is virtually an insurance scheme. The scheme was based on an estimated 2 per cent. death rate of milch cows and an average value of £15 per cow. In the first year, milk suppliers were asked to pay 1s. per cow per annum. On the death of a cow two members from a different part of the society's district were deputed to value the cow, and the society paid one-third of the value to the owner. This system was found to be capable of improvement, and in the following year it was altered to a payment of two-thirds of the annual value of the cow's milk to the creamery. A payment of 2s. secured four-fifths of the milk value and a payment of 3s. a sum exceeding the milk value. It is claimed that the system fulfils in some measure the functions of a cow-testing association, as it gives the farmer an added interest in the milk yield of his cows. The milk value of all insured cows is recorded at the creamery and available to members.

includes representatives of the Ministry of Agriculture, the National Chamber of Agriculture and the National Society of Hungarian Agriculture. At first the society started only fire and hail insurance, but later it extended its operations to other classes, including life, accident and livestock insurance.

In accordance with its articles of association, " Gazdak " is an association for self-help, having for its object the subscription of all kinds of insurance for its members on a non-profit-making basis. The co-operative character of " Gazdak " manifests itself also in the fact that all the insured must become shareholders in the society ; they are responsible for the management of the society and participate in profits. Profits are, however, not paid in cash, but take the form of a reduced premium or, as in life insurance, an increase of the amount subscribed under the policy. But membership imposes also obligations, *e.g.* the insured are responsible for the liabilities of the society up to double the sum for which they are insured. This makes the position of the insured members less favourable than those of members who only participate in the share capital, for the latter are liable only to the amount of their shareholding. The non-profit-making character of the society is also reflected in various benefits and bonuses to members and in the establishment of a branch for popular insurance. The premium receipts of the society during 1934 amounted to 7,102,226 pengö, and claims paid, to 1,783,171 pengö. Different classes of insurance have contributed to the following totals :

	Premium Receipts in Pengo.	*Claims Paid.*
Fire	3,262,634	684,852
Life	2,478,215	624,940
Hail	747,847	321,928
Accident	312,168	59,500
Burglary	153,529	37,015
Livestock	76,955	26,604
Motor-car	70,878	28,332
	7,102,226	1,783,171

The financial position of the society is satisfactory. Out of funds totalling 11,907,305 pengö, share capital amounted at the end of 1934 to 1,546,488 pengö, and various reserve funds to 5,219,738 pengö. In 1901 the number of insured persons was 8,000, and it has now grown to over 200,000.

In Italy 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 insurances. Premiums in 1932 amounted to £20,000.[1]

Two general agricultural co-operative insurance companies operate in Australia. The first, the Producers' and Citizens' Co-operative Assurance Company of Australia, was organised in 1920 for the purpose of conducting business mainly in life assurance, burglary and other property insurance. The company was established by a group of co-operative societies[2] and individuals. The nominal capital of the company is £500,000 divided into 425,000 shares of £1 each and 300,000 shares of 5s. each. In August, 1931, the paid-up capital of the company amounted to £108,293, and in accordance with the articles of association the dividend on the paid-up capital cannot exceed 8 per cent. per annum. Before dividend can be paid to shareholders, at least 50 per cent. of the profits must be put aside for distribution among the policy-holders. The bonuses to policy-holders are allotted in proportion to the amount assured, policies being grouped according to their class and duration.

The business of the company is carried on in several departments (ordinary department, industrial department, etc.). A valuation is made of the business in force in all departments at least once in every five years, and a sum

[1] K. Walter, *Co-operation in Italy*.

[2] The Farmers' and Graziers' Co-operative Grain Insurance and Agency Co., the Victoria Producers' Co-operative Co., Ltd., South Australian Farmers' Co-operative Union, Ltd. and Westralian Farmers Ltd.

sufficient to meet the liability of the company in respect of such business, as ascertained by the valuation, is set aside. Any balance or surplus can be distributed in accordance with the general rules.

There were in force on August 1, 1931, 12,552 policies in the ordinary department, with an assured sum of £5,898,118, and £180,149 annual premiums; in the industrial department there were 9,976 policies with an assured sum of £952,658 and annual premiums of £34,422. Death claims for the year 1930–31 totalled £22,834. The aggregate resources of the Company amounted to £676,805 (on August 1, 1931), out of which capital represented £108,293 and assurance funds, £559,161. The funds of the ordinary insurance department accounted for £514,968 and those of the industrial department for £44,193. Of these funds, £102,980 were invested in Government securities, £156,107 in freehold property, £78,390 in loans on Company policies, £56,625 in bills receivable, and £43,455 in mortgages.

The Co-operative Insurance Company of Australia, Ltd., Melbourne,[1] was organised in 1919 and subscribes various classes of insurance (fire, accident, motor-car, etc.). For the first fifteen years of operation (up to March, 1934) the gross income amounted to £2,323,915 and the net income to £1,305,657. Claims paid during this period amounted to £867,817, total dividends paid to £79,373, and additional profits distributed to co-operative shareholding companies to £31,763. The total assets of the company amount to £219,223, of which capital and reserves are £124,203. The premium income for the year 1933–4 amounted to £174,870 of which £76,627 was paid for re-insurance and interest. Total income amounted to £183,082. After deducting re-insurance, claims expenses and depreciation, the company had a net yearly surplus of £22,420. A 7 per cent. dividend was paid to shareholders, £4,829 was allocated to a general reserve, and £2,650 was distributed among co-operative shareholding companies.

[1] Memorandum and Articles of Association of the Co-operative Insurance Company of Australia, Ltd., 1920, and *G. and N. Co-operator*, July 16, 1931.

B. SECONDARY.

The Baltic countries constitute one of the most interesting fields for the study of mutual and co-operative insurance. Their experience shows that it is possible, by means of proper legislative and organisational measures, to build up a united system of co-operative insurance for the whole country and to reorganise the mutual insurance societies along sound co-operative lines.

In Latvia the mutual insurance societies are the oldest mutual institutions in the country. First organised in Riga by the German inhabitants, they operated in close connection with the Riga municipality on the same lines as societies in Germany. In 1765 such a society, "Brand Assecurations Societet," was founded in Riga, and its field of enterprise was the "old town." The "Societet" operated as a mutual insurance fire society until the establishment of the Latvian Republic, when it was transformed into a limited company. Another society, the "Vorstadtische Brand-Assecurations-Anstalt," was founded in 1804, the purpose of which was to insure the houses outside the "old town," and in 1861 a third insurance society against fire was organised—the Kurland Mutual Fire Insurance Society.

The rural mutual fire insurance societies had already started in the sixties of last century, when they had had to work without legal or statutory protection, relying only on contracts with their members. The first rural co-operative fire insurance society recognised by statute and registered by the Government was only organised in the eighties of last century. Societies spread widely over the country, and at the beginning of the Great War numbered about 400. Their area of operation was, in the case of the majority of the societies, limited to a single community. The organisation of such mutual rural insurances ocieties received further stimulus from the law for the compulsory insurance of all rural buildings. The activities of mutual societies were thus connected with the work of the local authorities, whose duty it was to see that compulsory insurance was effected. A licence to insure movable goods was only

granted to a few societies. Even the insurance of houses had mainly the feature of mutual assistance, in that after a fire, members helped with material and labour to rebuild the remains or to build a new house. Insurance with fixed premiums and money payments was rare. In Kurland and Livland there existed several insurance societies against hail; in Wolmar, a mutual society for the insurance of steam-threshing machines was founded in 1908.

Since the foundation of the Latvian Republic, a great reconstruction of economic life has taken place. A new period started for the co-operative movement, and especially for co-operative insurance societies. The law of 1919 dealing with co-operative societies and their unions made possible the registration of co-operative insurance societies as legal bodies in their own local areas. The general principles for the operation and the future activities of the co-operative insurance societies were laid down by the Congress of Co-operative Fire Insurance Societies in 1921. The Congress approved standard statutes and resolved to organise a Central Union for co-operative insurance which might undertake re-insurance operations for the local co-operative insurance societies as well as the subscription of direct insurance for all kinds of co-operative organisations. The Union was actually founded in 1922 by 15 co-operative societies, but by the following year it had 169 members. At the end of 1932 the Union consisted of 564 co-operative members, including 363 insurance societies, 76 consumers' societies, 76 dairy societies, 7 central societies and 42 co-operative societies of various types.

The organisation of the Central Union enabled the local societies to expand their activities by insuring not only the buildings, but all other valuables, all risks being re-insured with the Central Union. At the same time, the constitution of the societies was reformed; instead of mutual societies, proper co-operative insurance institutions were organised. Fixed premium tables were used, regular valuations were undertaken, and, in the case of claims, payment to the insured was made in cash, while assistance "in kind" remained only the exception. The activities of the co-

operative fire insurance societies in the rural areas spread very rapidly. The 399 societies which sent in regular reports had at the beginning of 1932, 86,924 members, with 352,169,349 lats of insurance in force, and 2,802,879 lats in capital and reserves.[1] It is estimated that nearly 75 per cent. of all local buildings in Livland, Kurland and Zemgalen were insured by the co-operative fire insurance societies. In Lettgallen, where conditions are different, co-operative insurance societies have insured only about 20 per cent. of all buildings. In accordance with the statutes, each member carries an additional responsibility for 3 per cent. of the sum insured with the society.

As was indicated before, the development of insurance societies was stimulated by the introduction of compulsory insurance for all rural buildings. The rural co-operative societies for insurance against fire made great strides because their rates were lower and more attractive than those of the private companies. They were also encouraged by legislation which exempted them from obligatory re-insurance and from the payment of taxes on insured property.

The legislation relating to urban co-operative insurance societies was less favourable than that dealing with the rural ones. Urban co-operative insurance was treated in the same way as private insurance limited companies. In accordance with the law, urban co-operative insurance societies have to re-insure 10 per cent. of all the risks incurred with the Insurance Department of the Finance Ministry and they have to pay in stamps an insurance tax of 1 per cent. on the insured sum and 5 per cent. on the premium. The territory within which the activities of the urban co-operative fire insurance societies are confined is variable ; some operate only in a particular town and others throughout the country. With a few exceptions, the urban societies, too, developed quite satisfactorily. There were at the beginning of 1932, 39 urban insurance societies with 12,441 members, with insurance in force amounting to 162,264,142 lats and funds of 375,950 lats.

[1] Darbiba Skitlos (1922–31), *L'Activité des sociétiés coopérative de la Lettonie*, Riga, 1933.

Classified according to the nature of the risks insured, the operations of the Central Union comprised fire insurance, livestock insurance and life insurance, but the main operations are represented by the fire branch. In 1932 the total risks re-insured amounted to 206 million lats as compared with 182 million lats in 1931, while the total direct risks insured in that year amounted to 29 million lats as compared with 20 million in 1931. In the course of the last decade the value of compensation payments made represented on an average 53 per cent. of the premiums received and the current rate of premiums has fallen during this period by about 60 per cent.

The operations of the Central Union in Latvia are expanding rapidly, especially in connection with re-insurance, but direct insurance is growing at a slower pace. This is quite a normal development, since the main aim of the Central Union is the organisation and strengthening of the local societies to enable them through re-insurance to subscribe greater risks. Thus, the Central Union disengages itself little by little from direct insurances, which are increasingly subscribed by the local insurance societies and reach the central organisation only by way of re-insurance.

Such decentralisation of the system of co-operative insurance results in much better control of every separate insurance contract and, in consequence, reduces the risk and with it the premium. The Central Union covers its re-insurance operations by re-insuring the bigger risks abroad, by accumulating capital and reserves, and by the additional guarantee of the members and of affiliated societies. Such additional guarantee amounted at the end of 1929 to 2,191,000 lats. The Central Union accepts re-insurance at minimum rates (nearly 50 per cent. lower than those quoted by capitalist societies) and, on the other hand, pays 6 per cent. to 8 per cent. dividend on the capital subscribed by the societies.

The principal aim of the Union is to further the development of the local co-operative insurance societies. It has formed a special department for the establishment of local societies and for helping them to improve their organisation.

The Union has created, in conjunction with local societies, a special fund for combating and preventing fire outbreaks and also subsidises voluntary fire brigades. The profits of the Union are used principally for the formation of various reserves. The funds of the Union and of the local societies are deposited with co-operative banking institutions. The assets of the Union show a constant tendency to increase: from 20,500 lats in 1923, it has grown to 605,100 lats in 1932. Capital, special reserve and premium reserve funds constitute 73 per cent. of total liabilities; cash in bank and in hand constitute 31 per cent. and real property 50 per cent. of the total assets of the Union.

The development of the activities of the Central Union in Latvia can be seen from the following table:

Year.	*Number of Organisations Affiliated.*	*Re-insurance, in 1,000 Lats.*	*Premiums. Lats.*	*Losses. Lats.*	*Per cent. of Premiums.*	*Capital and Reserves. Lats.*
1923 .	. 169	5,754	36,257	1,050	2·9	9,267
1931 .	. 563	201,849	603,561	391,323	64·8	410,443

The expenses were reduced for the last years by 50 per cent.; from 18 per cent. in 1923 they went down to 9·6 per cent. of the premiums paid in 1931.

It is estimated that the total turnover of all the Latvian co-operative fire insurance societies in 1929 amounted to about 25 per cent. of the aggregate fire insurance of the country, if the insurance in force, premiums and compensation paid are taken as the basis of comparison. But if the number of policies is taken as a basis, the percentage would be much higher. The co-operative fire insurance societies subscribe mostly small local farmers' insurances, while the private insurance societies insure mainly industrial and trading risks for higher sums.

In Estonia insurance is the oldest branch of the co-operative movement, the first co-operative insurance societies having been founded nearly seventy years ago (1866). Their number has constantly grown, and at the beginning of this century nearly 300 such societies were in

operation. Under the oppressive policy of the Czarist regime, the co-operative movement had to overcome great difficulties, and not until the establishment of the Estonian Republic did co-operation start to develop under favourable conditions. In 1920 the Estonian Co-operative Union initiated a programme of reorganisation for co-operative insurance. Societies needed a proper legal status and guidance as to methods of operating and accounting. It was also necessary to form a Central Co-operative Insurance Institution to provide local societies with re-insurance facilities in order to strengthen the weakest point in their activities. Such a Central Institution was established in 1923 and has undertaken the following main tasks: the reorganisation of existing local co-operative insurance societies and the formation of new societies; the provision of re-insurance facilities for local co-operative insurance societies; the provision of direct insurance facilities for other co-operative organisations which had acquired large properties and resources. The local co-operative insurance societies were often too weak to cover such big risks, and their insurance was often undertaken by private companies. The Central Society therefore had to start not only re-insurance but also operate as a direct insurance institution. The Central Society thus started operations for fire, transport, accident, cattle and burglary insurance, by according re-insurance facilities to local societies and by the direct provision of insurance for other co-operative institutions.

The Central Society in Estonia is formed by all central and many local co-operative organisations in the country. Its membership consisted (January 1, 1928) of the Estonian Co-operative Wholesale Society, the Central Bank of the Co-operative Credit Societies, the Union of Potato Marketing Societies, the Estonian Co-operative Union, the Agricultural Central Association, 54 consumers' societies, 94 co-operative insurance societies, 19 potato-marketing societies and 32 other co-operative associations.

The main operation of the Central Society is fire insurance. Out of the total premium income of 586,316 M. received in 1934, fire insurance contributed 566,404 M., or

96 per cent. The Central Society has paid, during 1934, claims amounting to 340,250 M., of which 327,902 represented fire claims; 253,287 M. of these losses were covered by other insurance organisations with whom those risks were re-insured. The Central Society paid during 1934 for re-insurance 415,681 M., which included the sum of 402,320 M. for fire re-insurance. The profits of the Central Society are very modest, representing only about ½ per cent. of the annual premium income; for 1934 they amounted to 10,022 M. The development of the operations of the Central Society in Estonia can be seen from the following figures:

	1924.	1931.	1934.
Capital and Reserve Funds .	3,790	36,503	39,880
Insurance Reserves . . .	13,621	89,000	85,000
Yearly Premiums . . .	42,249	639,703	586,316

The total assets of the society on January 1, 1935, amounted to 329,315 M., of which 124,249 M. are deposited with banks and 23,333 M. invested in securities.

In Lithuania the Central Insurance Union "Kooperacya" was established in 1925 to subscribe fire insurance. The founders of the Union intended to develop it as a re-insurance iustitution only. Unfortunately the right to transact re-insurance was, up to 1932, legally conferred exclusively on the State Insurance Institute and on one private insurance company. "Kooperacya" had to start, therefore, as an ordinary insurance co-operative institution, admitting to its membership collective bodies as well as individuals. The development of "Kooperacya" was much hampered by the special position enjoyed by the State Insurance Institute, exempting it from tax payment, and by the difficulties placed in the way of the opening of local co-operative insurance societies. The Co-operative Movement in Lithuania, not satisfied with this position, has submitted to the Government a new draft of legislation which would enable "Kooperacya" to organise a system of local co-operative insurance societies and become a central co-operative re-insurance society, on lines similar to those in Latvia and Estonia.

The membership of the Central Insurance Union "Kooperacya" in Lithuania comprised at the beginning of 1935, 324 collective and 6,871 individual members. The member's share is 10 lits, but members carry also an additional liability to the Union not exceeding double the amount of the premium paid for their last year's insurance. At the general meetings, individual members have one vote each and co-operative societies one vote for every 1000 lits insured, but not more than 10 votes in all. The general meeting elects a board of directors and a council, each consisting of 5 members.

The Central Assurance Society "Kooperacya" in Lithuania, which operates in very difficult legal and economic conditions, has made good progress since its establishment in 1925. The following figures illustrate the development of its operations:

Year.	*Number of Members.*	*Sums Insured in Lits.*	*Premiums Received.*
1926	101	2,822,000	28,200
1932	3,848	30,076,068	282,566
1934	4,248	31,453,391	276,503

"Kooperacya" paid in claims 304,236 lits during 1932, or more than the premiums received (282,566 lits), the loss amounting to 107·6 per cent. of the premiums. Out of this sum, 69,526 lits were insured on "Kooperacya's" own account (22·8 per cent.) and 234,710 lits (77·2 per cent.) re-insured with the State Insurance Institute. The distribution of claims is of considerable interest: 80 claims from farmer members amounted to 146,514 lits; one urban house fire claim—11,434 lits—one co-operative factory claim —145,934 lits, and one co-operative society's claim—354 lits. The high percentage of claims to premiums resulted from a big fire loss of one co-operative society. In 1934 claims paid amounted to 248,060 lits (90 per cent. of premiums).

In 1934 "Kooperacya" subscribed insurance for 154 co-operative dairies, 132 purchase and sale societies, 20 credit societies, 12 municipalities, 5,795 farmers and 758 urban householders, covering 31,453,391 lits. It occupies

the third place among all insurance companies in Lithuania. The rates of " Kooperacya " are the same as of other companies, but the co-operative policy-holders receive a 10 per cent. reduction of premiums. The surpluses are yearly distributed in bonuses to policy-holders.

At the beginning of 1935 the total assets of the society were 264,445 lits, the capital amounting to 86,797 lits, premium reserves to 48,000 lits and reserves for unpaid losses to 34,176 lits. The profits for 1934 were 4,338 lits. The funds are placed mainly in deposits with co-operative and other banks—190,091 lits are thus invested. Loans to policyholders amount to 25,405 lits.

The society operates through local co-operative societies which are paid 10 per cent. commission, and also through 120 individual agents. The management lies in the hands of an advisory council of five persons and two directors.

C. Subsidiary

This group consists of mutual societies or limited companies formed by the central farmers' unions in Great Britain, Belgium and Finland, as subsidiary companies, to serve their members.

The National Farmers' Union Mutual Insurance Society, Ltd., was established in 1910 as the " Midland Farmers' Mutual Insurance Society, Ltd." This title was changed in 1919, when the present name was adopted. Originally the society was established to provide mutual insurance for farmers in the English Midlands. In 1919 the existing scheme was approved by the National Farmers' Union and the society under its new title became a general insurance society operating over the whole country. It now subscribes insurance for the members of the National Farmers' Union of England, the National Farmers' Union of Scotland and the Ulster Farmers' Union. It has become the largest mutual fire insurance office in the United Kingdom and over 50 per cent. of the total membership of the three farmers' unions are insured by it. The membership of the society numbers at present about 80,000, to whom 160,000 policies are issued. The society subscribes all kinds of insurance,

fire, life annuity, motor, tractor, workmen's compensation, personal accident, livestock,[1] burglary, etc.

The cover granted by the policies is framed especially to meet agricultural requirements. Various extensions of cover are afforded beyond that usually given, *e.g.* the spontaneous combustion scheme as regards fire risks. The society does not subscribe any forms of collective insurance and does not re-insure other co-operative or mutual insurance societies. It operates through a wide net of agents, numbering 1,100.

The rates of the society are lower than similar rates charged by private companies. The society claims that its fire rates are 20 per cent. and accident rates 15 per cent. lower. The last report declares that " had members continued to insure with tariff offices, instead of insuring through the National Farmers' Union Mutual Insurance Society, Ltd., they would have paid during the past seven years alone, £543,173 more in premiums than they have paid to their own Society." In accordance with the information of the report, the saving for 1934 amounted to £93,898, or 17 per cent. of total premiums paid.

The society has no definite scheme in regard to the distribution of profits. In some cases, *e.g.* in that of motor risks, premiums have been reduced by increased no-claim bonuses. Also various cash bonuses have been paid from time to time to policy-holders in different sections of the business. The surpluses in the fire and accident section have amounted, during the last three years, to £38,579 (1932), £31,547 (1933) and £35,930 (1934). In the life section, the quinquennial valuation on January 1, 1933, revealed a surplus of £9,737.

[1] When the Pig Marketing Scheme became operative in September, 1933, the society was invited to issue policies covering risks in transit and the risk of condemnation of the animals after slaughter. This was a form of insurance not hitherto transacted. It was made compulsory to insure all pigs dealt with under the Scheme. The society, desiring to protect the producers, agreed to underwrite the risks, but the results throughout the year under review were unsatisfactory, and a heavy loss was incurred. For 1935 the compulsory condition has been withdrawn and a new rate of premiums, adequate to the new conditions, was fixed.

of which £7,188 was applied for the benefit of profit-participating policy-holders and the rest carried forward. From the surplus of the fire and accident section, £10,306 went to policy-holders and the rest to various reserve funds and writing down freehold properties.

The management expenses absorb 22 per cent. of the net premiums and, including agents' remuneration, amount to 27·7 per cent. of total premiums. The life insurance section shows a very low number of lapses and surrenders: on January 1, 1935, there were 2,989 life policies in force, and during 1934 only 46 (or 1½ per cent.) were terminated by lapse or surrender. The policies so terminated amounted to less than 2 per cent. of the total sum assured. The directors of the society are elected by members from geographical districts. Policy-holders are entitled to attend and vote at the annual general meeting. The society has no share capital, but its total reserves and other funds were on January 1, 1935, £660,780. These funds were invested in bank deposits, £51,452; in Stock Exchange securities, £387,096 (with market value on January 1, 1935, £561,300) and in mortgages, £83,900.

The insurance society of the Belgian Farmers' Union (Societe d'Assurance du Boerenbond Belge) is a limited company established in 1923 by the Farmers' Union in Belgium, with a capital of 5,000,000 frs., of which only 1,000,000 frs. were paid up. Under its articles of association the society can subscribe any kind of insurance, but at present it operates only in fire, life and accident insurance. The society also subscribes hail insurance as an agent and for the account of a foreign insurance company. Though the society is a subsidiary of the Farmers' Union (Boerenbond) it does not confine its operations to the members of the Union or to farmers, but subscribes insurance for the whole population of the country. However, it tries as far as possible to work in each locality in collaboration with the local farmers' mutual association.

The activities of the society in various branches can be seen from the following figures. On January 1, 1935, the

fire insurance branch had 131,426 insurance policies in force for 11,533,780,000 frs. During 1934, 18,828,640 frs. were received in premiums and 8,916,710 frs. or 47·3 per cent. of premiums received were paid in compensation for 1,893 claims. The life insurance branch had subscribed 5,089 policies for 180,489,896 frs. and received 8,421,923 frs. in premiums; 300 policies were repurchased and 1,958,603 frs. paid for them, of which 781,479 frs. were to the account of re-insurers; 82 policies were cancelled for non-payment of premiums. There were 25 claims, for which 861,000 frs. were paid, 352,000 frs. being covered by re-insurance. Group insurance policies were issued for 1,169 persons covering 93,305,406 frs. The insurance reserve of the life section amounted to 54,178,318 frs., of which 13,543,226 frs. were placed to the account of the re-insurers. The accident branch had 24,038 policies under obligatory State insurance, with 9,543,571 frs. premium received, while 6,195,390 frs. were paid for 5,727 claims. The policies for voluntary accident insurance numbered 49,296, with 14,367,419 frs. received in premiums. During 1934, 13,031 claims were made and 8,224,933 frs. were paid in compensation.

The total resources of the society at the beginning of 1935 were 121,185,950 frs., comprised of the following main items: capital subscribed, 5,000,000 frs.; reserves and funds, 11,804,815 frs.; insurance reserves, 58,752,794 frs., and reserves for claims unsettled, 17,137,081 frs. The funds, amounting to 51,458,136 frs., were invested as follows: 45,258,842 frs. were in loans and advances (including mortgages, advances on policies, etc.) and 4,662,450 frs. in bank deposits. The surplus for 1934 amounted to 1,558,629 frs.

The Farmers' Mutual Insurance Company Aura, Finland (Maalaiskuntien ja Maalaisten Keskinainen Tapaturmavakuutusyhdistys Aura), was established in 1917. The main cause of its formation was the passing of the new labour accident insurance legislation which for the first time compelled a great part of the farmers to insure their workers. The society subscribes accident, life and motor vehicle insurance. Accident insurance was subscribed, on January

1, 1935, for 40,133 households employing 92,000 workers. The motor-car section subscribed insurance for 5,564 vehicles. The life insurance section was started only in 1935. The rates of the society are the same as other companies, but it pays bonuses and uses a part of the surpluses for the reduction of premiums.

The capital of the society amounts to 4,000,000 FMK., reserves 1,661,875 FMK. and insurance funds 32,344,875 FMK. These funds are mainly invested in farm and communal mortgage loans and in bonds. The surpluses, after deductions for bonuses and for lowering rates, are placed to reserves. The society employs about 1,500 agents, but it does not operate through collective agents. It subscribes only direct insurance and does not do any re-insurance business. All the policyholders have a vote in the general meeting, which elects a board of management of 16 members. This Board in turn elects a board of directors of 5 members.

Life insurance business is operated through a special company, the Mutual Life Insurance Company Aura.

D. Co-operative Insurance under State Monopoly: U.S.S.R. and Ukraine

Co-operative insurance in Russia [1] was established only after the revolution in 1917. This has placed the new insurance institutions in a unique position, as the conditions of their development were quite different from those of other countries. Co-operative insurance was first started in Russia as a subsidiary by the consumers' organisations for the insurance of their goods and property. The idea of setting up a central insurance union originated as early as 1898, and was repeatedly brought forward. But each time the political influence of the private insurance companies on the one hand and the repression of the Government on the other, which even prohibited the discussion of co-operative insurance organisation, delayed its establishment.

[1] *The Russian Co-operator*, Vol. 3, No. 11, November, 1919; *Review of Agricultural Economics*, 1920, pp. 113–15; Manes, *Versicherungs-lexicon*, p. 626.

The private companies, anxious to subscribe insurance for the co-operative unions, offered them lower rates and obstructed the formation of a co-operative insurance society.

The stronger co-operative central organisations, however, resented the fact that their own insurance and the insurance of thousands of their local member-societies all over the country should be carried by private companies; they therefore seized the first opportunity to form an insurance service of their own.

The Co-operative Enabling Act of March 30, 1917, removed all obstacles to organisation and the formation of an insurance service built on co-operative principles again appeared in the foreground of discussion. The unsettled condition of transport and the risk to property in transit induced the leading co-operative national federations to set up their own insurance departments, issuing policies to their member-societies and re-insuring their risks with the private insurance companies. Some of the leading co-operative organisations, such as the Central Union of Consumers' Societies (" Centrosoyus "), the Central Association of Flax Growers, the Union of Siberian Creamery Associations, the Popular Bank of Moscow and others, set up their own insurance departments and subscribed insurance for their members.

The " Centrosoyus " began its own insurance operations in June, 1918, and during the period up to January, 1919, it issued 995 insurance policies for a total sum of over 60 million roubles. Considerable insurance business was done by the Central Association of Flax Growers, which in April, 1918, started to insure at its own risk the flax and other property belonging to its members. By the end of the year the Association had subscribed various insurance transactions for a total sum of 114 million roubles, of which 92 million were in respect of risks on flax, 21 million in respect of various goods, the balance covering real property owned by its members. The Popular Bank of Moscow (Moscow, Narodny Bank) initiated insurance transactions in October 1917, and conducted them on an ever-increasing scale for about one year. The total number of policies issued by the

bank amounted to 376, totalling 78·5 million roubles. All the above organisations have in turn re-insured their risks and the ground was thus gradually prepared for the formation of a central co-operative insurance organisation. Such an organisation was finally set up in October, 1918, when the All-Russia Co-operative Insurance Union was formed, and the Popular Bank of Moscow transferred to it the insurance business which it was subscribing.

The objects of the new Union were " to organise and effect insurance against fire and against risks connected with the transport of the property of co-operative societies ".

In order to further this work the Union intended also to promote the development of anti-fire measures and the erection of fireproof buildings, and also to assist in every possible way the spread of measures tending to decrease risks of fire and in transportation. Indirectly, the formation of the new Union aimed at reducing the cost of insurance and at placing at the disposal of the co-operative societies the huge funds accumulated through the business of insurance.

The capital of the Union was composed of 2,600 shares representing 2,600,000 roubles, the principal shareholders being the Popular Bank of Moscow (1,000 shares), the " Centrosoyus " (500), the Central Association of Flax Growers (300), and the Union of Siberian Co-operative Societies (Zakupsbyt) 200 shares. The remaining shares had been allotted to a few central and some large provincial unions of co-operative societies : the Central Association of the Fruit Growers and Market Gardeners, the " Co-operative Grain," the Central Association of Hemp Growers, the Voronesh Union of Credit, Loan and Saving Associations and some others.

The members of the Union bore an additional liability to the extent of three times their shareholdings. The membership of the Union was to be open to central and provincial unions of co-operative societies, individual societies and local unions being admitted only in exceptional cases. Members might organise their own insurance and re-insurance of their property but they were under obliga-

tion not to place their insurance business with any other insurance society. The local representation and agencies of the Union were entrusted to local co-operative societies only.

No less than 20 per cent. of the net profits for any year had to be placed to the reserve capital, but when the latter reached the sum of 5 million roubles, the yearly proportion could be reduced. The rules affecting the distribution of profits of the Union provided that the dividends on shares could not exceed 8 per cent. the balance to be used for increasing the reserve capital and various special funds, for the refund of part of the premiums paid by the members and for furthering anti-fire measures and co-operative and social aims.

During the first four months of the new Union's existence, 514 policies were issued, representing liabilities amounting to 265 million roubles. Of this sum, 104 policies worth 85 million roubles were further re-insured in other insurance institutions. The share capital of the Union was increased during the same time to 4,900,000 roubles, and total assets on February 1, 1919, amounted to 6,418,231 roubles.

Simultaneously with the establishment of the All-Russian Co-operative Insurance Union, another independent insurance institution was organised in February, 1919, in Novonikolaevsk, Siberia, sponsored chiefly by the Zakupsbyt Federation. The All-Siberian Co-operative Insurance Society served directly all the primary consumers' co-operative societies and their district and regional Unions, and, in accordance with this policy, the value of a share was fixed at the low figure of 200 roubles without limit as to the number of shares to be acquired in individual cases. The control over the affairs of the insurance society was in the hands of the meeting of delegates, who formulated its policy, fixed the premium rates, reviewed the financial reports and elected the board of directors and the control committee. The liabilities of the Siberian Insurance Society for the insured property of its members extended beyond Siberia to European Russia and foreign countries as well. On August 1, 1919, it counted 1,024 members and had a share

capital of 1,312,900 roubles. In the first ten months of operation, the insurance policies underwritten amounted to 504,693,134 roubles and the premiums to 5,276,436 roubles.

The nationalisation of private property and trade under Soviet decrees had by this time abrogated the institution of private property insurance, but the co-operative system of insurance continued till April, 1920. During this period the radical transformation of Russian co-operative organisations into a State machinery for supply and distribution put an end to the All-Russian Co-operative Insurance Union as an independent body, and its work became merged with the Insurance Department of Centrosoyus.

The revival of insurance in Soviet Russia appeared two years later under the form of a State monopoly,[1] including among other kinds of insurance, fire, hail and livestock insurance. The organisation was in the hands of a central administration, attached to the Commissariat of Finance, a body which covered all the branches of insurance previously under the control of the Supreme Council of National Economy. Insurance and re-insurance effected by foreign companies were recognised, provided the authorisation of the Council of the Peoples' Commissars had been obtained in each case.

Co-operative insurance was re-established under the " New Economic Policy " by the decree of October 6, 1921, which granted to the co-operative organisations the right to form insurance unions provided any large risks accepted were re-insured in the State Insurance Department (Gosstrach). The Centrosoyus then reformed its insurance department to serve the consumers' movement, and helped to organise the new All-Russian Co-operative Insurance Union (Coopstrachsojus) for the needs of the agricultural and artisans industrial co-operative societies and unions. The fact, however, that all large risks had to be insured with the State Insurance Department robbed the Insurance Union of its independence and prevented it from establishing

1 " State Monopoly of Insurance," *Zeitschrift fuer die gesamte Versicherungs-Wissenschaft*, Vol. 22, Berlin, January 1, 1922. Also *International Review of Agricultural Economics*, 1922.

a wide insurance system on co-operative lines. The Central Insurance Section of Co-operative Insurance (Strachsektia) of the All-Russian Central Union of Consumers' Societies (Centrosoyus) was chiefly engaged in fire insurance business. On October 1, 1926, its yearly premium income amounted to 5,250,000 roubles and the claims paid to 993,000 roubles. With the introduction of the planning policy, however, it would appear that insurance operations in the U.S.S.R. were concentrated in the hands of the Central State Insurance Institution, and the co-operative insurance activities have ceased.

The development of co-operative insurance in the Ukraine had special features, resulting from the general economic conditions of the Soviet Union. Insurance in general was established as a State monopoly, and the co-operative movement was granted a special concession when permitted by the State to subscribe its own insurance. In the beginning of their activities the Soviet Co-operative Insurance Organisations of Ukraine regarded their functions as temporary and transitory. They considered that " co-operative insurance and, in connection with it, indemnification for damages, is of importance for the Socialist state only during the period of transition from the individualist to the collective system of economy. The main interest of the State is, therefore, directed towards actual measures which might prevent the very damages necessitating insurance and indemnification. Co-operative insurance bodies, therefore, from the outset paid attention to this side of the matter." [1] But in course of development the insurance organisations have had to concentrate on insurance proper, as their other functions, of organising the supply of fireproof materials and helping to establish building societies were transferred to different organisations.

Co-operative insurance in Soviet Ukraine was started on April 29, 1922, when an Insurance Department of the Co-operative Wholesale Society (Wukopspilka) was estab-

[1] *Coopstrach* (*Exposition International de la Coopération*), June 15, 1924, pp. 16–17.

lished. The Insurance Department was reorganised on November 31, 1922, as the independent " Ukrainian Co-operative Insurance Society " (Coopstrach). This society was reorganised in 1923 as the " All Ukrainian Co-operative Union " (Coopstrach). The " Coopstrach " was entitled to carry out all kinds of insurance of property belonging to co-operative organisations such as fire, transport, livestock and crop insurance. The membership consisted of 37 co-operative organisations of all kinds (consumers', agricultural and productive) and of all degrees (local, regional and central). The share capital was fixed at 150,000 gold roubles, of which 37,500 were subscribed and paid by the members. The management of the Union was vested in the general meeting of the shareholders, the council and the board of directors.

The local organisations of the Union were formed by a chain of agencies and sub-agencies, the management of which was entrusted not to individuals but only to co-operative organisations of various kinds. In 1924 there were in operation 70 agencies and 14 sub-agencies. Out of these 46 were connected with consumers' societies, 9 with agricultural societies, 7 with branches of the Ukrainian Bank, 4 with housing and 4 with other co-operative societies. Sub-agencies were set up in connection with 12 district unions.

The Union developed its operations along two lines. It conducted fire and livestock insurance at its own risk and acted also as agent for the State Insurance Board in livestock insurance, in insurance of crops against hail and in transport and fire insurance. The Union paid considerable attention to the development of preventive activities against fire. It submitted several memoranda to the Government, and its efforts resulted in a series of measures aiming at the organisation and extension of fireproof building amongst the poorer sections of the rural population.

The Union also endeavoured to help in a practical manner the extension of fireproof building. At the end of 1923 it took over for a period of six years, 27 cement and tile factories. The work of the latter was carried out through the

medium of local co-operative organisations. A model workshop for the manufacture of cement and sand products was set up in Kharkov and craftsmen from the country were sent there for training. For the benefit of the co-operative membership the Union also started the publication of technical books on the cement and sand industry. Co-operative organisations engaged in the manufacture of fireproof materials were supplied by the Union with engine moulds and other technical materials on favourable terms. The Union participated in the work of co-operative societies supplying iron sheet, cramp iron, material for windows, doors, etc.; it also helped to organise and develop building societies. All these activities met with a great response from the population.

For the first year of operation, ending on January 1, 1924, 6,458 policies were issued covering 51,985,131 gold roubles. Premiums paid amounted to 369,281 gold roubles and contributions for preventive measures against fire, to 30,026 gold roubles. Over 65 per cent. of the business was on account of consumers' co-operatives. The objects insured were as follows: immovable property, 38 per cent.; goods, 54 per cent.; movables, 4 per cent.; factories and mills, 4 per cent. Out of the total transactions, 40 per cent. were re-insured with the State Board.

II. National Mutual Insurance Systems

The French system is the most characteristic of this type of mutual insurance organisation. Under French law, only mutual societies are allowed to subscribe non-profit-making insurance. As a result, France has become a favourable field for the development of mutual insurance, and at present there are tens of thousand mutual insurance societies in operation. They were organised in accordance with the legislation passed at the beginning of our century (July 4, 1900) and they received considerable support from the State. The local societies, grouped for the purpose of covering risks of fire, loss of livestock, hail and accident, in regional re-insurance societies, are in their turn federated in central re-insurance societies.

With the object of accelerating the development of these societies, the Government has considered it advisable to consolidate the regulations relating to their constitution and operations in a single Act (the decree of August 2, 1923). Whatever the risk covered, the rules of the local societies must indicate the object, the registered address and full name of the society, the length of time it has been in existence and its area of operations ; it must also strictly define the nature of the risks against which insurance is subscribed, each society being allowed to insure against one kind of risk only. These risks include livestock mortality, accidents in agricultural work, fire, hail or other weather risks. The rules also stipulate the dates of the beginning and close of the financial year. The effective membership must not be less than seven and must be open to all farmers or owners of agricultural land in the area defined in the rules. Eligibility for membership cannot be made conditional upon the candidate belonging to any particular organisation. No remuneration may be given to persons engaged in the management or administration of the society. A paid secretary, who also acts as treasurer may, however, be appointed, but he is not to be considered as a member of the administration. The reserve funds of the agricultural mutual insurance societies are deposited with the Treasury, the Bank of France, the banks of agricultural credit or duly constituted savings banks. They may also be used to purchase State securities, Treasury bonds or other securities issued or guaranteed by the State, or invested in the shares of agricultural credit societies. In the event of winding up, that part of the society's assets which is provided by State aid is paid into the re-insurance society to which the society is affiliated. The surplus is employed in accordance with the provisions contained in the rules, and in no case can it be divided among the members of the society. Finally, the societies which receive State aid in any form whatever, are subject to State supervision.

The local livestock and fire mutual insurance societies may obtain from the Ministry of Agriculture grants of two kinds : (*a*) " foundation grants " made to societies in course

of formation to enable them to meet the initial expenses of organisation and to build up a preliminary reserve fund; (*b*) grants " for losses incurred ", made to societies in full working order which have suffered unusual losses during previous years These grants are intended to enable the societies to form fresh reserve funds. The establishment grants are fixed on the basis of membership and the value of the capital assured. Application must be made within two years subsequent to the formation of a society and they are not renewable. In making grants for losses, account is taken of the membership, the value of the capital assured, the magnitude of the net losses incurred, the position of the reserve funds, the rate of the premiums; and finally, due regard is paid to the certificate given to each insurance society in respect of its efficiency and good management.

The societies for re-insurance against livestock mortality and fire must specify in their rules the limits of the area within which they operate, as well as the conditions under which they share in the losses of the affiliated local societies.

The re-insurance society may either contribute to the settlement of all claims falling on the affiliated societies in a proportion corresponding to the share paid by each society out of the premiums it collects, or limit its contributions to such local societies as have had to pay claims in excess of a given rate. In the latter case three ways are open to the local and re-insurance societies: (1) an adequate increase in the rate of premiums payable to the local society; (2) the raising of the limit at which re-insurance takes effect, or (3) the increase of re-insurance premiums for three years, whenever the local society has applied for help. It may be added that for insurance against livestock mortality the contributions payable by the local societies must not be less than 15 per cent. of the annual insurance premiums.[1]

The agricultural mutual insurance societies in France are

[1] " The Constitution and Working of the Agricultural Mutual Insurance Societies in receipt of State Grants," *International Review of Agricultural Economics*, 1923, pp. 582–5; " Decree rélatif à la constitution et au fonctionnement des sociétés de L'État," August 2, 1923, *Journal Officiel* of August 5, 1923.

grouped in two main groups of organisations, the " Caisses Nationales de Réassurance " and the " Caisses Centrales de la Mutualité Agricole ". Each of the groups of re-insurance societies is classed as an organisation of the third degree. Each of them re-insures the regional or departmental societies (Caisses), which in their turn re-insure the local societies. The two systems have developed their operations on parallel lines. The Caisses Centrales are of the earlier origin and have achieved great results, which the Caisses Nationales are trying to emulate. Regional societies can re-insure with both systems simultaneously.

The older French central mutual insurance organisation, " La Mutualité Agricole ", also comprises four " Caisses Centrales ", each of which specialises in one branch of re-insurance—fire, accident, hail or livestock. At the beginning of 1935, the most important of them—the Central Office for Fire Insurance (Caisse Central Incendie) had affiliated 29 regional and 14,521 local societies with 495,912 policies issued for 32,149 million frs. It is interesting to note that twenty-eight years ago, in 1906, after the first year of operation, this institution subscribed only 2,574 policies for 25 million frs. Premium income for 1934 amounted to 32 million frs. as against 25,000 in 1906. The second important branch is the Central Office of Accident Re-insurance (Caisse Centrale Accidents) with 26 regional and 12,210 local societies and 582,380 policies issued. This branch was only started in 1924. The Caisses Centrales for livestock and hail insurance are also increasing their operations satisfactorily.

There are four " Caisses Nationales de Réassurance " subscribing fire, accident, hail and livestock insurance, of which the largest is the fire insurance organisation. At the beginning of 1935 it had issued 300,000 policies through its 45 regional and 9,142 local affiliated societies. The total value insured amounted to 23 milliards francs, of which over 25 per cent., 6,450 millions, were re-insured with the " Caisse Nationale ". The reserves of the whole system amounted to 47 million francs, of which 5 millions belonged to the " Caisse Nationale ". The proportion of reserves to

the capital insured was 200 frs. for each 100,000 frs. insured, which is 2½ per cent. higher than the proportion of the private insurance societies (Compagnies des Assurances Generales), where there are only 79 frs. of reserves for each 100,000 frs. insured. The National Office of Accident Insurance comes next with 250,000 policies issued by its 36 regional and 3,000 local affiliated societies. The National Office for insurance against hail (Caisse National Grêle) had, at the beginning of 1934, 12 regional and 1,070 local affiliated societies with 200 million frs. of insurance in force and 2 million frs. reserves. Finally, the National Office for livestock insurance (Caisse Nationale Bétail) had affiliated 48 regional and over 2,500 local societies. The reserves of this system amounted to 15 million frs.

The mutual agricultural insurance societies in France subscribe policies on much more favourable terms than the ordinary companies. In the case of fire insurance, their premiums are 20 per cent. lower, and as their policies are free from stamping and registration duties, the saving for the policy-holder is between 30 per cent. and 50 per cent. But this is not all. The " Caisse Centrale Incendie " (fire insurance) has paid back to its affiliated regional societies 20 million frs. The regional societies pay a considerable portion of the refunded premiums to the local mutual insurance societies. For example, the regional society of " Sud-Est " pays back over 50 per cent. of premiums received to its local societies. Five of them insure their members free of charge, because the interest earned by their reserves is sufficient to cover the necessary premiums. Many local societies have been able to reduce their premiums considerably in a similar way.

In French Africa agricultural mutual insurance originated in the twentieth century. It was put on a legal basis in 1904 in Algeria, 1912 in Tunis and in 1920 in Morocco. The first mutual society was actually formed in Tiaret in 1903. Another regional mutual insurance society was formed in Algeria in 1904. This society, " La Mutuelle Agricole Algerienne ", comprising at present 67 local mutual

insurance societies, re-insures risks with the Central Insurance Society of Algeria and a central society in Paris. Up to 1924, when a special insurance society against accidents was formed, this society covered only fire risks, subscribing 150 million frs. In mutual fire insurance it attained very good results, fire dangers being considerably reduced by a careful and far-reaching preventive policy, and the number of local insurance societies has grown considerably. In order to accord proper re-insurance facilities for various branches of insurance, a Central Re-insurance Society for the agricultural mutual societies of North Africa was established in 1907. It serves as a re-insurance institution for 37 regional societies in Algeria, Morocco and Tunis. The representatives of these societies form the Council of the Central Society. Each regional society has the right to send one representative for each 10,000 frs. of premiums paid for re-insurance. The Central Society has four branches —fire, hail, livestock and insurance against accident.

The Central Society has made good progress. Premiums paid increased from 35,272 frs. in 1908 to 19,214,762 frs. in 1929, and the values assured from 1,442,997 frs. to 2,973,092,800 frs. At the beginning of 1935 it re-insured 42,575 policies for the 15,000 members of 37 regional insurance societies. The majority of the farmers of the country are served by the society. It operates at rates lower than those of the private companies and has distributed during 1931–34, 5,300,000 frs. in bonuses. The Re-insurance Society operates through the local insurance societies which have already accumulated 12,000,000 frs. in reserves.

The operations of the society are developing very satisfactorily. Different branches show the following results:

	January 1, 1929. *Values Insured.*	*January* 1, 1935.
Insurance against Hail .	546,980,409	642,095,731
,, ,, Fire .	1,638,751,229	2,349,950,205
,, ,, Livestock .	11,795,985	4,893,509
,, ,, Accidents .	775,565,177	1,166,855,615
	2,973,092,800	4,163,795,060

The society re-insures a certain portion of the fire risks with the Caisses Nationales de Réassurance, Paris. The total assets of the society amount to 20,017,800 frs., of which insurance reserves account for 15,439,305 frs. The funds are invested mainly in deposits with banks, 11,520,254 frs.; in property, 1,461,379 frs. and in securities, 318,918 frs. During the first twenty years of its existence the society received 93,731,230 frs. in premiums and paid 58,035,505 frs. in claims (62 per cent.).

Agricultural mutual insurance in Italy is not of recent origin. In the small rural communes of the Alps there are livestock insurance societies dating back over a considerable period. According to an estimate made by the National Institute for Agricultural Mutual Insurance (Instituto Nazionale per la Mutualita Agraria) in 1925, there were in Italy about 1,350 insurance societies organised for the most part on primitive lines, that is, on the sharing-out system (*quota di riparto*) working in isolation and somewhat unprogressive in regard to re-insurance. With a view to promoting the re-organisation of the earlier societies and generally to put them on a sounder basis, and in order to encourage their establishment in the country districts, the Decree of September 2, 1919, was promulgated and was later modified by the Decree Law of October 21, 1923. The main principles of these two enactments may be here recalled.

The Decree of 1919 enacts in the first place, that the agricultural insurance societies must comply with the following requirements: (*a*) their object must be to provide compensation for losses arising from certain specified agricultural risks; (*b*) their area of operations must be strictly local, that is to say, limited to the commune or to that part of it where the headquarters of the society is situated or at most to a number of communes adjoining one another, provided the total population does not exceed 5,000. In the larger communes, which are divided into several administrative wards, the society must only operate in the area of one ward; (*c*) the amount of the yearly contributions

must be fixed within the limit specified in the Decree; (*d*) all services rendered must be honorary, an exception being allowed in regard to the secretary and the treasurer; (*e*) all and every kind of speculative transaction must be excluded. Societies having the required qualifications are granted corporate rights by prefectural decree.

The articles of association of a society and the rules for admission and withdrawal of members are exempt from registration and stamp duties. Similar exception is extended to all the proceedings and documents relating to the operations carried out by the society. In addition, all sums, allocated to reserve are exempt from the tax on personal property.

Societies which come under this decree may arrange for the reinsurance of their own risks and for the safeguarding of their own interests by grouping themselves into federations or re-insurance societies. These federations, which can be formed only if a minimum of ten societies combine, are also expected to perform the following functions: (*a*) to ascertain whether the rules, both those set out in the articles of association and those of an internal nature, under which the federated societies operate, are being duly observed; (*b*) to ensure the regular working of the accounting and administrative departments; (*c*) to introduce uniformity by means of guidance and general instructions on the establishment of societies and by the direction of their policy, especially in connection with animal prophylaxis. The agricultural insurance societies which were approved under the Decree of 1919 during the years 1920–24 were the subject of a statistical return undertaken by the Department of Labour and Social Thrift (Direzione generale del lavoro e della previdenza sociale). This return has not been extended to new provinces, although several livestock insurance societies operate there, nor does it include other numerous societies, more particularly livestock insurance societies, which are unregistered and have, therefore, no corporate existence.

Of the 424 societies legally constituted, there were on December 31, 1924, 319 actually in operation, of which 256

were in Northern Italy.[1] In recent years the mutual insurance movement has grown considerably. 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 in the country. 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.

There are some 1,200 societies which specialise in livestock insurance. These come under special legislation and are organised in their own Federation, now recognised as a separate National Federation, thanks to the long fight put up by co-operators against the attempt to regiment them with capitalist insurance societies. The National Federation, with the assistance of the Co-operative Union, is doing an extensive educational work and acts as a promoter of new societies, which it is now allowed and encouraged to form.

Rural fire insurance societies numbering 400 and hail societies numbering 30 are also being federated, strengthened and multiplied. For the general insurance needs of the thousands of insurance societies affiliated to it, the Co-operative Union in 1927 promoted a Central Co-operative Insurance Society (Mutual Assicurazioni Enti Cooperativi Italiani) for fire, life, theft, accident, employers' and householders' liability and other branches of insurance.[2]

The public authorities in Spain have been actively engaged with co-operative insurance during recent years. In 1919

[1] "Agricultural Mutual Insurance Societies," *Statistica delle Associazione Agrarie di Mutua Assicurazione costituite, nel Regno nel quinquennio* 1920–24; *Bollettino del Lavoro e della Previdenza Sociale*, Ministry of National Economy, Rome, January 31, 1926; G. Rocca, *Le societa mutue di assicurazione agricola Bollettino della Assicurazioni*, Nos. 7–8, Turin, April 30, 1926, pp. 241–4; *International Review of Agriculture*, 1926.

[2] *Co-operation in Changing Italy*, K. Walter, pp. 70–1.

the State, by decree of September 9, established the National Organisation of Agricultural Insurances (Mutualidad Nacional del Seguro Agropecuario), one of the most immediate objects of which was hail insurance. The field of activity of this organisation rapidly developed, and on September 26, 1929, it was transformed by decree into the Commission of Agricultural Insurances with widened scope. The directive impulse given to national insurance by this organisation, alike in its earlier and in its subsequent form, proved a stimulus to private insurance. Later, however, insurance under direct State management was abolished, and the Commission was transformed into a Section of Agricultural Insurances with a more limited field of action, dealing only with reinsurance of farm risks, especially of hail damage, this latter being now the branch best known. In accordance with the terms of the decrees of April 23 and June 18, 1930, insurance companies, the risks of which had been re-insured by the Section, had the right to compensate for hail damage, and also for valuation costs.

In 1934 a very important decree dated January 11 greatly widened the range of State activity in the sphere of agricultural insurance. Under this enactment a clear distinction was established between insurable and non-insurable farm risks. To the former class belong, as well as hail insurance, forest fire and farm fire insurance, and insurance against livestock mortality and against incapacitation of stock. As non-insurable risks, on the other hand, are considered risks from drought, frost, floods, persistent rains at critical periods, hurricanes, and finally risks due to plant diseases and pests. Protection against hail risks as also against all other insurable risks is carried out by the State by means of re-insurance contracts, or by establishing a direct State insurance service, either voluntary or compulsory.

Provided that it undertakes agricultural insurance and fulfils certain conditions, any society or company may enter into re-insurance or subsidiary insurance contracts with the State. Mutual insurance societies must also bring evidence that (*a*) they constitute a single society and that

they operate over the whole of Spain, whatever may be the branch of insurance they undertake; (*b*) that they are forming federations of mutual insurance societies within the limited radius of activity, whatever may be such radius and whatever the branches of insurance so operated, and that, linked together in such organisations, they operate over the whole of the national territory; (*c*) that in the case of their operating hail insurance, their membership consists of at least 500 full members, and that, in the case of their operating insurance for more than two kinds of crops, their total assured capital amounts to at least 5,000,000 pesetas. The required figures as regards membership and total of assured capital have to be doubled in the event of the societies in question covering risks on one or two kinds of crop only.

When the re-insurance by the State takes the form of a contract with compensation for losses and re-insurance of 75 per cent. of the losses, such compensation may amount to 100 per cent. of the losses insured by the mutual insurance societies, including the costs of valuation. When, on the other hand, less than 75 per cent. of the risks are re-insured by the State—whether the insurance society has or has not re-insured the remainder with another society—the liability of the State must not exceed that corresponding proportionally to the percentage established by the contract. Limited companies and mutual insurance societies which operate or offer choice of risks or which limit their acceptance of risks, may enter into re-insurance contracts on the basis of a maximum share of 50 per cent. of all risks, no compensation of risks, however, being stipulated. On its side, the State may insure excess of risks with societies legally authorised to effect hail insurance in Spain. For this purpose there may be considered as excess any portion exceeding 5 per cent. of the total of the original risks.

Mutual insurance societies which conform with the provisions of the law and which do not operate a choice of risks nor limit risks, and which have surpluses of premiums over compensation payments, are obliged, in the same way as

the National Service of Agricultural Insurances, to form or to add to a reserve intended to cover deficits which may occur in the course of disastrous years, and that even if this obligation does not spring directly out of contracts.

The agricultural insurance department, which has assumed the name of the National Service of Agricultural Insurances (Servicio Nacional de seguros del campo), has the function of applying the protection established by the law, acts under the Ministry of Agriculture and is attached to the Institute of Agrarian Reform. The National Service of Agricultural Insurances undertakes the conclusion of contracts of re-insurance and of subsidiary insurance under the prescribed forms and conditions, provided that the economic conditions and the organisation of the societies who apply for this form of State aid so permit.

The expenses of this service are covered by the following receipts: (*a*) a supplement on the premiums, capital sums or policy costs, such supplement to be fixed each year in the contracts but never to exceed 5 per cent. of the premiums; (*b*) the interest from the investment of the reserves; (*c*) the commissions collected for risks assigned in re-insurance; (*d*) subsidies that may be granted by the provincial Chambers, the communes and other institutions of public character; (*e*) donations and bequests made by private persons; (*f*) any other receipt not here contemplated.[1]

IV. Special Agricultural Co-operative and Mutual Insurance Societies

The special agricultural co-operative and mutual insurance societies can be grouped in accordance with the class of insurance subscribed, in the following groups: (*a*) fire insurance; (*b*) windstorm insurance; (*c*) hail insurance; (*d*) livestock insurance; (*e*) agricultural accidents and sickness insurance; (*f*) insurance against agricultural strikes; and (*g*) motor-car insurance.

(*a*) Fire Insurance.

Fire insurance institutions established on mutual

[1] *International Review of Agriculture*, December, 1935, pp. 441–5.

and co-operative lines by special fire insurance societies presents a great variety of types of organisation, starting with the most primitive, as in Austria, and finishing with centralised and up to date organisations as in Latvia and Finland. In some countries, such as France, the Government takes a very active interest in fire insurance and subsidises the mutual fire re-insurance institutions.

Fire insurance in rural communities is of early origin and even now some of the primitive forms of it are still in existence. One of the most primitive forms exists in Austria. Here, mutual aid is organised in such a way that it must take the form of prompt and generous help in order to avoid as far as possible variations of price and of the purchasing power of money. It consists of contributions in money and in kind. The money contributions must be collected immediately by an agent of the local organisation and must be paid within a week to the person who has suffered loss. The contributions in kind are for the purpose of supplying him with the most urgent necessaries and for helping him during the period of reconstruction. All those members are obliged to render help who bind themselves to do so by a handshake, and the same members have the right to demand help in case they themselves suffer damage. The appointed agents and the peasants' committee examine every case, ascertain whether the person who has suffered damage is entitled to help and, if such help is necessary, distribute the burden uniformly amongst all the members in the district. Contributions in kind must be furnished by the members living in the immediate vicinity, money contributions by all those living in the district. Those who refuse to give as much help as they ought, are declared to be refractory and are struck off the list of members.[1]

It is evident that this effective form of mutual aid can serve only as an addition to proper fire insurance and not as a substitute for it. Unfortunately, co-operative insur-

[1] Herman Kallbrunner, " A System of Mutual Aid Among Peasants in case of Fire," *International Review of Agricultural Economics*, 1922, p. 522.

ance is not known in Austria, and the local and central agricultural co-operative insurance organisations have not yet organised this important branch of co-operative activities.

Nowhere can the diversity of mutual insurance organisations be seen more clearly than in the case of fire insurance in Canada. There are several mutual fire insurance companies with a Dominion or provincial licence in most provinces of Canada, but mutual or co-operative fire insurance organisations operating only locally, are almost exclusively restricted to the provinces of Quebec and Ontario. There are four types of society in operation. The " cash mutual companies " subscribe fire insurance on the fixed premium system; they have a share capital and operate on co-operative principles. The " strictly mutual companies " transact business under the regulations of the municipal corporations of the province within the limits of a county, or the whole province, according to their licence. They are established under the " Quebec Insurance Act " by the council of any rural municipality and have for their object insurance against accidents by fire, lightning and wind, covering any building erected upon taxable land within the municipality, as well as any grain, hay, fodder, household furniture and agricultural implements contained in such buildings. These mutual companies have been established independently of the council of the municipality.

The municipal and parish mutual companies are subject to the formalities of a licence and registration, and each one is administered by the council of the municipality in which it is established. The council is empowered to insure or to refuse to insure certain buildings and also to fix the maximum amount of insurance on any property.

The owners of insured property are members of such a company and are liable for the amount of the damage caused by fire, as well as for all debts and obligations contracted by the company, in proportion to the amount for

which their property is insured. The company is responsible to each of its members for two-thirds of the damage caused to the buildings or property in question to an amount not exceeding two-thirds of the valuation of the insured goods or for an amount not exceeding two-thirds of the maximum amount of the insurance if such maximum is fixed. The cost of insurance in force in the Municipality Mutuals is $1·05 and in the Parish Mutuals, $2·78 per $1,000—a very low rate in comparison with the average of $8·09 for the whole Dominion. These co-operative and mutual fire insurance companies have operated successfully in Quebec for over twenty years and have been of great benefit to farmers by affording protection against fire losses at a comparatively low cost.

It will be worth while to give more detailed information about the activities of a few representative co-operative and mutual fire insurance companies in Canada. The Portage La Prairie Mutual Fire Insurance Company has the distinction of being the oldest co-operative insurance company in Western Canada. It was established in 1884 by a group of settlers, who bore the initial expenses in forming the company. The Portage Mutual was also the first company on the American continent to issue a policy giving the combined protection against fire, lightning, windstorm and cyclone. Such a policy was regarded as contrary to the rules of insurance and was met at the time of its inauguration by much criticism, but it proved to be a success. It underwent a great trial in 1922 when the company sustained an enormous strain upon its resources; in that year a terrible cyclone swept over the country and a thousand claims were filed with the company, which itself has repaired and reinstated 898 buildings.

The company has inaugurated a service branch in which men, trucks and equipment are maintained for the purpose of repairing buildings damaged by windstorms, and this service is greatly appreciated by the members. At the beginning of 1928 the company had subscribed insurance in force of $65,381,656 and its assets amounted to $1,292,161.

Another company, the Wawanesa Mutual Insurance Company, was organised in April, 1897, by a group of pioneers, who paid $20 each towards the expenses of incorporation. The first operations of the company were insurance of threshing machines. At the end of 1897 they had $300,000 of such insurance in force, with total assets over liabilities of $891. Fortunately, no serious losses occurred, and next year a fire branch, separate from the thresher branch, was started and developed vigorously. Saskatchewan and Alberta had been invaded early, and from this time on the growth was very rapid. The report for 1900 notices that " insurance in force at this date was $4,419,459, being the largest amount of fire insurance carried by any company in the West." The losses from the thresher branch, however, were very heavy and finally, in 1901, it was wound up. The fire insurance branch operated successfully : in 1910 the company had subscribed $27,000,000 of insurance and claimed to be the largest mutual fire-insurance company in Canada. British Columbia was added to the business territory in 1920.

Abnormal losses from 1921 to 1925 brought home to everyone the absolute necessity of an adequate reserve and a more careful selection of risks if sharp increase in the premiums were to be avoided, and of careful underwriting and inspection. The company has built up its reserve till it had in 1935 cash assets in excess of all liabilities of over $965,000 and total assets of over $2,400,000. The interest earned on securities in 1927 was over $35,000 and for 1934 over $50,000. The company has paid out, during the period of its existence, over $7 million in claims. It has saved the members almost an equal amount in reduced premiums since, during the life of the Company, its average charges were 20 per cent. to 40 per cent. lower than the charges of private companies.[1] At the beginning of 1935

[1] The directors write : " Right here is the chief difference between a mutual and a stock company : our cash surplus over liabilities of almost a million dollars is the property of our members, and not only stands between them and any possible loss, but the interest will, as the reserve grows larger, bear an ever-increasing portion

the company had issued policies for over $240 million. Between 1926 and 1934 the company moved, in regard to the volume of premiums received, from the nineteenth to the third place among the 300 insurance companies operating in Canada.

The company's assets include $579,613 surplus, $467,635 reserve of unearned premium, and $48,540 investment reserve. In addition, there were unassessed premium notes for $1,271,637 held by the company which are not admitted as assets by the Dominion authorities, but are treated as contingent assets only. For the past twelve years the company has collected over 82 per cent. of its assessment levy before it has been 60 days overdue, and most of the balance within a year. Of the funds, $717,839 is invested in securities approved by the Dominion Department of Insurance, $108,108 in real estate, and $218,367 as bank deposits. Gross premiums for 1934 amounted to $1,284,921; net premiums earned $1,051,115, and net losses and adjustment expenses, $524,834.

The Farmers' Union Mutual Insurance Company of Kansas, U.S.A., subscribes fire, lightning, tornado, hail and accident insurance. At the beginning of 1934 the company had 17,484 members with $74,152,166 insurance in force, of which $20,275,281 were subscribed during 1933. During this year $178,576 was received in premiums and assessments and $119,957 paid on claims. The total resources of the company amounted to $323,751, of which reserve funds were $256,025.

The development of mutual and co-operative fire insurance has taken quite a different and more comprehensive form in the Baltic countries. In these countries the local societies have formed their central re-insurance institutions, which developed their activities very satisfactorily and

of the operating expenses. In a stock company this reserve would belong to the stockholders and would ultimately be available for distribution as dividends."

helped to consolidate the whole system on progressive lines.

In Latvia, the mutual fire insurance societies also originated in the middle of last century. They were obliged to suspend activity during the War, but soon after it they were reconstituted, and their net covered the whole country. These societies operate on a pure mutual basis without share capital. Their number has increased from 17 in 1920 to 397 in 1930. Membership has grown correspondingly from 1,900 to 83,800, and insurance in force from 9·5 million lats to 329·9 million lats. But still only 36·5 per cent. of all farm households are members of mutual insurance societies, while the majority are insured with commercial insurance companies.[1]

The financial results of the activities of the local societies are very satisfactory. Though the losses caused by fire absorbed 23·1 per cent. of premiums in 1925 and 40·3 per cent. in 1930, the general increase in business resulted in rapid accumulation of reserve funds, which have grown from 1,000 lats in 1920 to 2,265,000 lats in 1930. In 1931 the combined accumulated funds of all the mutual fire insurance societies amounted to 3·3 million lats. The greater proportion of the liquid funds, 1,735,000 lats, was deposited with local co-operative credit societies. The farmers' fire insurance societies are re-insured by the Central Insurance Union.

In Finland, the " Vakava " Mutual Re-insurance Society was organised in 1917 as a re-insurance society for its members, which are local farmers' fire insurance societies. On January 1, 1935, the " Vakava " had 156 collective members and had subscribed fire re-insurance for nearly 200,000 policies, with a total of 3,176 million FMK. insurance in force. It is the largest society of its kind in Finland. The " Vakava " subscribes insurance at rates cheaper than the ordinary insurance societies and helps its local member-societies to develop their activities by proper instruction, consultation and audit. The capital of the society is

[1] As explained on page 69, fire insurance is compulsory in Latvia.

3 million FMK. The funds are invested in real estate and loans; surpluses are transferred to reserve. The society does not employ agents and pays no commission.

In Bulgaria the fire branch of the insurance section of the Central Agricultural and Co-operative Bank has the monopoly for covering the compulsory insurance of State and Communal buildings, and insures them for 13,980,314,000 leva; it subscribes also the voluntary insurance for co-operative organisations and individuals for 81,747,000 leva. During the last year of operation (up to October 15, 1935) the branch received 11,127,266 leva in premiums for public buildings and 211,955 leva for other insurance.

France presents in the domain of fire insurance, as in other branches, the foremost example of a mutual insurance organisation built up under the direction and with the help of the State. Fire insurance societies subsidised by the State have been developed there on a very large scale. In 1921 there were 4,463 such local societies, the oldest of which dates back to 1902, and 39 re-insurance societies. Of the local societies, 4,081 were re-insured for a total sum of 2,252,769,383 frs.

These societies can only insure against agricultural fire risks of all kinds, or risks connected with farming, risks of small rural artisans being considered as properly belonging to this category. The National Office for fire insurance operated at the beginning of 1934 for 44 re-insured societies with 270,470 members. The total sum insured amounted to 20,154,041,612 frs., out of which 5,832,077,769 were re-insured. Premiums paid during the year amounted to 5,197,930 frs. and claims to 3,367,338 frs. During the same year, 1,247 claims were made, of which 980 were under 1,000 frs. The largest claim amounted to 327,646 frs. (See also p. 88.)[1]

In the French Colonies in Africa fire insurance is subscribed by mutual societies on lines similar to those followed in France. In Tunis, in accordance with the legislation

[1] *International Review of Agriculture*, 1933, No. 12, pp. 492–3.

passed in 1931, one local mutual insurance association is formed for each civil administrative area. They are affiliated to a regional association whose headquarters are in Tunis, and this in turn is re-insured at the Central Re-insurance Association of Agricultural Co-operative Societies of North Africa at Algiers.

Agricultural co-operative insurance societies or associations under unpaid management and administration, formed without any view to profit and, in fact, not making any, may be freely established without the authorisation of the Government, and are not subject to the formalities prescribed for the constitution of insurance societies. Under the designation of agricultural co-operative insurance associations are included societies whose object it is to effect insurance against agricultural risks of all kinds, and in particular, risks of hail, fire, livestock mortality, accidents, frosts and other weather risks. The law provides that a distinct society must be formed for every class of risk.

Membership of the local societies within the limits of the local administrative area, and subject to the formalities prescribed by the rules, is open to: (*a*) farmers or rural landowners; (*b*) agricultural co-operative societies, co-operative agricultural credit associations, co-operative agricultural insurance organisations, water supply associations, mainly related to agricultural production; (*c*) rural artisans not employing more than two workmen regularly, such as farriers, blacksmiths, wheelwrights, repairers of machines, tools, implements, or of farm buildings, barrel and cask makers, etc.

Local associations are formed without share capital. Reserve funds are built up from the admission fees of members, the contributions of insured persons, grants or subsidies from the State and from agricultural associations, especially agricultural co-operative credit associations, gifts and bequests made by private persons and the above-mentioned associations, interest on funds, rebates received or shares taken in the risks by the re-insuring associations. Every local association is obliged to take a share in the risks insured. This share is at least one-twentieth of that

compulsorily re-insured with the regional re-insurance association, but it may be increased in proportion to the increase in reserves.

The Central Co-operative Re-insurance Organisation in North Africa must guarantee the payment of the share of the risks falling on the regional associations in the event of the resources of the latter proving insufficient. The Central Association may retain 50 per cent. share in the risks assured by the regional associations, reducing or increasing this share according to the state of its reserves. It is, however, under obligation to re-insure excess risks with a central association or in France or with a joint-stock company. In the event of dissolution, the assets of the central association must, after settlement of accounts, be distributed among the regional associations in the proportion of the premiums received during the last five years.

The number of policies increased from 518 (in 1921) to 1,055 (in 1930) and the value insured, from 47,828,184 frs. to 147,167,163 frs. Premiums paid have also grown from 446,976 frs. to 1,080,567 frs., and claims paid have decreased from 567,250 frs. to 342,876 frs.

A special type of fire insurance is represented by forest fire insurance in Norway. Forest fires in Norway constitute a great calamity in their frequent incidence and consequences. During ten years (1913–22) 950 forest fires destroyed 76,537 maal of forest, involving a total loss of 940,000 crowns exclusive of expense incurred in extinguishing the fires, which amounted to 289,000 crowns. The largest fire took place in 1920, when 17,000 maal of woods were consumed by flames. The fires are most frequently due to lightning, but a great number of them are directly traceable to carelessness in lighting fires in the country and in the woods, to sparks from locomotives or the carelessness of travellers who throw lighted cigars from carriage windows.

The Norwegian Society for Mutual Insurance Against Forest Fires (Norske gesensidige skogbrandssorsingsselskap) founded in 1911, has proved a marked success. The insurance in 1923 reached 335 million crowns, while about

1,500,000 crowns have been paid into its reserve fund. The society was organised on a mutual basis by 50 forest proprietors—owning between them 190,000 hectares of forest, valued at 17,806,000 crowns. A further 150 forest owners were soon enrolled, and from that time it has developed rapidly, as is shown by the figures of insured values, which rose from 44,955,000 crowns on November 1, 1912, to 301,113,000 crowns in 1922. This progress, however, was due more to the increase in the value of forest products than to the increase in the area covered. Besides, this area could only increase at a slower rate as the society covers risks of smaller value and size. In 1912 the average value of risks covered was 100,000 crowns; it was no more than 40,000 crowns in 1920, in spite of the increased value of woods and forests.

The Norwegian Society for Mutual Insurance against Forest Fires has a profit-sharing arrangement among its members which operates in two entirely different ways. In the first place, by the terms of its articles of association, it collects only a minimum premium in advance, reserving to itself the right to demand supplementary premiums at the end of the year, which must not, however, exceed three times the amount of the initial premium. Every insured person has thus a powerful inducement to take every precaution against any cause and source of danger to his woods, and also to fight fires that may break out.

There is, moreover, a second form of profit-sharing for the benefit of members who have been insured for more than four years. These members represent, from the point of view of insurance, a most advantageous proposition. It must be borne in mind that in the first place, on their application for admission to insurance, the usual strict examination of the proposed risks was held. Then, even after the agreement is already in force the society has always the option of cancelling a policy, not only after a loss has been declared and indemnified, but also after a fire on which no claim has been made. Thus agreements which have successfully passed through this double weeding-out process, naturally offer exceptionally sound guarantees;

a preferential treatment is accorded to them, consisting in a gradual decrease of the premiums and ending in an additional share of the society's profits.[1]

Recognised as a public utility, the Society succeeded in acquiring certain important exemptions from taxation, enabling it to reduce premiums to a minimum. The insurance premium is on the basis of 1·25 per thousand, but it is subject to a reduction of $\frac{1}{5}$ at the end of four years and a rebate of 0·4 per thousand at the end of eight years. Thus, the average premium per thousand shows a rapid reduction: from 1·32 in 1912 to 0·98 in 1921. The society used to demand a higher premium for forest areas in districts where no measures for preventing forest fires existed, but as a law in regard to such measures came into force in 1922, this higher charge has been discontinued.

The increase in premiums collected between 1912 and 1920 may be shown thus:

Year.	*Gross Premiums in Cr.*	*Reduction for those insured 4 years.*	*2nd Reduction (8 years).*	*Net Premium.*
1912 . . .	58,618	—	—	58,618
1921 . . .	382,926	50,008	38,804	294,114

Owing to general economic conditions the expenses of administration showed for several years past a continuous decrease; they amounted in 1912 to 0·49 per thousand of the assured capital, falling to 0·33 in 1916 and then rising again to 0·42 in 1921.[2]

(*b*) Windstorm Insurance

Windstorm insurance stands between fire and hail insurance, as it covers fire and other losses caused by

[1] See "Profit Sharing in the Norwegian Society for Mutual Insurance against Forest Fires", Christiana, 1921, M.B., *International Review of Agricultural Economics*, p. 524.

[2] "The Norwegian Society for Mutual Insurance against Forest Fire", 1921, Christiana, *International Review of Agricultural Economics*, 1922, pp. 52–3.

windstorms. As a typical example of the operations of a windstorm co-operative insurance society, we may take the Danish Co-operative Storm Insurance Society (Dansk Forsikringsforening mod Stormskade). It was established in 1903 to subscribe storm insurance on farm buildings. The members in 1935 numbered 45,000, and the total sum insured was 822,446,387 Kr.

The object of the society is to subscribe direct storm insurance for all farm buildings, with thatched roofs as well as with roofs of non-combustible materials. The insurance rates are the same as those of other companies, but the members benefit mainly from the fact that only farmers with good moral standing are admitted to membership. Apart from this, the society is known for its fair treatment of members, and losses caused by storms will be assessed with justice and accuracy, as the assessors of the society remain in its service for many years and possess expert knowledge in their line.

The society is the oldest and largest amongst the companies operating in storm insurance in Denmark. Its excellent standing can be judged by the fact that, in spite of an extraordinary premium collected in 1933–34 and representing 2 per cent. of the sum insured, the total sum of insurance subscribed rose in 1934–35 by 49,309,091 Kr. The capital of the company amounted to 196,396 Kr. (May 31, 1935). The funds were invested in bank and insurance companies shares, bonds and mortgages. The annual accounts on May 31, 1934, showed a profit of 111,003 Kr. The heavy storms in 1933–34 and especially the disastrous tempest in February, 1934, caused a loss of 883,838 Kr., which was covered by reserves accumulated in previous years.

Windstorm insurance on mutual lines is also organised in the U.S.A. It is especially popular in Illinois, and the companies established in this state can be grouped into two classes: the district companies operating in a number of counties, not exceeding five; and the county companies which operate only in single counties. There were on

December 31, 1914, four of the former and eight of the latter type.[1]

(*c*) Hail Insurance

Hail insurance is subscribed in many agricultural countries, but only in some of them, where climatic conditions are of consequence, has it grown to any large dimensions. Hail insurance started to develop at the end of the last century but has made only moderate progress because it depends so much on the vagaries of nature, whose climatic factors cannot yet be foreseen with great exactitude, and the ratio of losses to premiums shows very great fluctuations. As can be seen from the figures dealing with the results of hail insurance in France, the ratio of losses to premiums has varied from a minimum of 30 per cent. in 1898 to 126 per cent. in 1908.

The organisation of hail insurance on co-operative and mutual lines differs considerably in various countries. In some of them, such as Switzerland, France and Bulgaria, it is conducted by co-operative and mutual societies subsidised by the State, in others it is built up by free co-operative effort.

In Switzerland insurance against hail has been carried on for many years by two mutual insurance companies, the Swiss Hail Insurance Society of Zürich and La Paragrêle. The latter operates in the canton of Neuchâtel and insures vines only. The former, on the other hand, operates through the Confederation and insures every kind of produce against damage by hail. The Swiss Hail Insurance Society had in 1930, 76,191 members and La Paragrêle, 697 members.

The Swiss Hail Insurance Society was established in 1880. Apart from La Paragrêle it is the only company in Switzerland which subscribes hail insurance for farmers, gardeners, winegrowers, etc. At the beginning of 1935, the society had nearly 80,000 insured members and had issued 87,043 policies for 129,412,650 frs. It operates through 400 individual

[1] Under windstorm insurance mention may perhaps be made of the co-operative insurance of fishing vessels in several countries, including Great Britain.

and three collective agents. Premiums are paid on a sliding scale. If the policy-holder does not make any claim during two years, his premium is reduced, starting with the third year, by 10 per cent. If he does not make a claim during the next two years it is again reduced by 10 per cent. Such reductions may take place five times and bring the payments to the minimum premium of 50 per cent. On the other hand, if the policy-holder makes a claim, his premium is increased for the next two years by 10 per cent.; such increases can take place five times till the payments reach a maximum of 150 per cent.

During the fifteen years 1920–34, the society subscribed hail insurance for 2,379,137,060 frs. and received in premiums 53,268,246 frs., or 2·24 per cent. of the insured sum. Claims paid amounted for this period to 49,589,216 frs., or 2·08 per cent. These figures show that 93·10 per cent. of all premium receipts were used for the payment of claims, a proportion which is unusual for any other branch of insurance.[1] The management of the society is in the hands of a management council. The council is composed of 15 members elected by the general meeting of the society for three years. The general meeting is constituted by delegates elected at the district meetings of the members of the society. Every 500 members elects one delegate for a period of five years. During 1934, 183 district meetings of members, were held which were attended by only 3,780 members, or 5 per cent. of the total membership. The total assets of the society amounted on January 1, 1934, to 7,483,662 Sw. frs., representing 6,952,158 Sw. frs. reserve funds and 500,000 Sw. frs. re-insurance reserves. The society spends on management expenses about 15 per cent. of premiums.

[1] The percentage of commissions and of sundry expenses has shown a decrease in comparison with that of the last year before the War. Thus we find the ratio of all these expenses to the net premiums in 1913 was 16·6 per cent. It may be added that from 1880 to 1920 the Société Suisse d'Assurance contre la Grêle, at Zürich, the only insurance company whose operations cover the whole country, paid in claims 68·3 per cent. and in administration expenses and taxes 15·4 per cent. of the premiums received, leaving a net profit equal to 25·5 per cent. of these premiums.

In Switzerland the Central and Cantonal Governments have supported hail insurance by special grants. Federal subsidies are granted provided subsidies are also granted by the cantons. These include, besides the recovery of the policy charges, the payment of a sum covering from 10 per cent. to 30 per cent. of the premiums. Up to 1914, the Confederation paid subsidies, the amount of which never exceeded the cantonal subsidies, but by the resolution of the Federal Council of December 11, 1914, the federal grants were lowered and can never exceed 50 per cent. of the policy charges, 20 per cent. of the insurance premiums for vineyards, and 12·50 per cent. of the insurance premiums for other crops. The cantonal subsidies have thus become somewhat higher than the federal subsidies.

In France hail insurance was started in 1888 and is operated by mutual societies and by private limited companies. The mutual hail insurance societies are at present grouped round two central institutions : the National Office of Hail Insurance (La Caisse Nationale Grêle), and the Central Office of Hail Insurance (Caisse Centrale d'Assurance Mutuelles Agricoles contre la Grêle). At the beginning of 1934, the National Office had 1,170 local insurance societies and 12 regional re-insurance societies affiliated to it. They comprised 11,343 members and effected insurance covering crops over an area of 65,014 hectares to a total of 199,074,708 frs. During the year, 809 claims were made in respect of 6,730 hectares insured. The affiliated societies received 999,926 frs. in premiums and paid 826,504 frs. in claims. Their reserves at the end of 1933 amounted to 1,620,481 frs.

The second institution, the Central Office of Hail Insurance, had a membership, at the beginning of 1934, of 21 regional societies with 6,297 policies issued for 86,892,389 frs. The affiliated societies received during 1933, 1,144,349 frs. in premiums and paid 316,140 frs. in settlement of 315 claims. The Central Office received 714,886 frs. in premiums and paid 805,768 frs. in claims. The Central Office and its regional societies nevertheless distributed during 1934, 107,233 frs. in return bonuses to local insurance societies.

Apart from the local mutual societies there are in France

12 large mutual societies and 5 limited companies operating in hail insurance. The comparative operations of the two groups for 1934 can be seen from the following figures:

	12 large Mutual Societies. *frs.*	*5 Limited Companies.* *frs.*	*Total.* *frs.*
Values Assured .	1,442,308,268	2,620,654,347	4,062,962,615
Premiums or Contributions, 1934 .	18,733,485	52,110,787	70,894,272
Claims paid . .	6,641,184	27,377,172	37,018,356
Reserve Funds .	46,611,862	24,424,216	71,036,078

As can be seen from these tables the limited companies cover nearly twice as much insurance as the mutual societies, but the reserves of *the latter are nearly twice as large as those* of the companies.

In Belgium,[1] too, hail insurance is of long standing. There existed in 1895 eight societies for hail insurance, two co-operative, three mutual and three limited companies. The value of the insured crops amounted at that date to 6,000,000 frs., and during 1895 the policy-holders received 85,480 frs. in compensation. At present, hail insurance is subscribed by the Société d'Assurance du Boerenbond Belge. It acts as an agent for a foreign society and during 1934 subscribed 2,559 policies of hail insurance for 16,318,400 frs. It received during the year 169,029 frs. in premiums and settled 32 claims for 17,334 frs.

In Italy[2] hail insurance is subscribed by private limited companies and by co-operative and mutual societies. Their development can be seen from the following figures: in 1894 hail insurance was subscribed by 19 institutions, including 1 foreign and 1 Italian limited company, 8 mutual insurance societies and 9 co-operative societies. At the end of 1922 as many as 51 institutions were operating. They included

[1] L. Bouneux, *Manuel Pratique de la Coopération*, 1889, p. 75; *Annals*, Paris, 1931, p. 32.

[2] Fugini, *L'Assicurazione mutua contro i damni della grandine*, Bergamo, 1924; *International Agricultural Review*, 1924, pp. 447–8.

4 foreign and 27 Italian limited companies, 9 co-operative societies and 11 mutual insurance societies. In 1931 there were 20 limited liability and 7 mutual organisations with premiums amounting to 73 million lire. There were also 3 central co-operative societies. All these bodies had absorbed large numbers of local mutual and co-operative societies, some hundreds of which still existed unattached, or loosely connected with them for re-insurance. The entire organisation of hail and other agricultural insurance was being revised with State supervision on a non-profit-making basis.

In Spain hail insurance is now (1935) subscribed by three mutual societies and three limited companies. The most important mutual society, the Mutual Society for Insurance Against Hail (Caja de Seguros mutuos contra el Pedrisko), was formed in 1917 at Madrid by the Spanish Farmers' Association. The second society, the Mutual Spanish Society for Insurance of Rural Risks (Mutua Española de Seguros Agropecuarios), was established by the National Catholic Agrarian Confederation, and the third mutual society of Agricultural Insurance (Mutua de Seguros Agricolas) was founded by the efforts of a group of farmer co-operators. The size of the operations of these societies can be seen from the following table:

Pesetas.

	Value Insured.	*Compensation Paid.*
Caja de Seguros mutuos	49,770,322.99	940,541.40
Mutua Española de Seguros Agropecuarios	18,832,217.79	724,120.00
Mutua de Seguros Agricolas . . .	13,141,019.50	149,233.02

In Scandinavia hail insurance is not less popular than in the Latin countries. In Sweden insurance of meteorological risks has so far been confined to risks from hail, frost and storms. Possibly lightning should be added to this list,

as the fire insurance societies include damage from lightning among their insurable risks. Hail insurance was organised in 1901 by a mutual insurance society. Adopting as its basis the statistics of the meteorological risks of different provinces, the society fixed a date in the autumn as that up to which the insurance was given. Insurance was also subscribed by the society against damage to autumn crops caused by bad weather in winter. After five years' existence it was seen that, in spite of wide publicity and a considerable amount of work done by the society, only those farmers availed themselves of its services who knew by experience that their crops would almost certainly be ruined every year by frost. As a result, the society could not continue business and was obliged to go into liquidation.[1]

The mutual insurance societies are the only societies in Sweden which insure against hail risks. They include one society, the operations of which cover the whole country, and seven provincial societies (*lensbolag*), so called because they usually cover only a province (*laen*). In one case, however, three provinces are covered by a society established in 1862. The total risks covered in 1922 amounted to nearly 110 millions of Kr. The premiums vary, but as a rule are not more than 3 crowns per thousand Kr. Each province has fixed a special rate in accordance with local conditions. The premiums of the provincial societies vary within wider limits, and one of them in 1912 fixed the rate as high as 36 crowns per thousand. It may be added that the total value of the premiums paid in 1922 amounted to 250,000 crowns and the compensation payments to 195,000 crowns.[2]

In Denmark insurance against hail and against storms is subscribed by 16 societies. Their operations for 1923 show the following results: the number of insured persons was 88,384, with risks covered, 245,000,000 cr. Premiums amounted to 417,000 cr. and losses to 239,000 cr. The situation as regards insurance against storms may be summarised as follows: Number of societies, 7; number of insured persons, 77,459; risks covered, 1,143,057,000 cr.; premiums

[1] *International Review of Agricultural Economics*, 1924, p. 137.
[2] *Ibid.*, p. 138.

and sundry receipts, 384,000 cr.; losses, 287,000 cr., and reserve funds, 238,000 cr.[1]

In Holland 11 mutual or co-operative unions for insurance of crops against hail were operating in 1918, while two unions of German origin were suspended. Over 300,000 acres were insured for a value of 62 million florins (£5 million). The Union of the North Brabant Boerenbond was supported by 134 sections and had a capital of 75,000 florins; the Boerenleenbank, which acted as banker for the insurance unions, complained, however, that the value of the institution was not appreciated in the villages.

In Hungary the Farmers' Co-operative Insurance Society (Gazdak) (see p. 65) is the most important company subscribing hail insurance which stands outside the Pool. In August, 1931, this Pool was again renewed by a formal agreement. Since the commencement of the society's hail insurance operations, the percentage of damage has been maintained at 71 per cent., except in the course of the last few years, during which it has risen to 95 per cent. In 1931 the results were extremely unfavourable and damages, including the cost of assessment, amounted to 118 per cent. of the premiums. The society was obliged to increase premiums for the 1932 season by 20 per cent. In 1934 it received in premiums for hail insurance 747,847 pengö and paid for claims 321,928 pengö. The experience of the society shows that hail insurance is one of the less profitable branches. The claims paid during 1934 under hail insurance policies amounted to 18 per cent., of all payments and the premiums received from this branch represented only 10 per cent. of all premiums.

In Czechoslovakia hail insurance is subscribed by 21 national insurance societies, including 11 limited companies and 10 co-operative associations. They operate, in accordance with the law, under the strict supervision of the State. The companies are obliged to maintain a reserve for securing

[1] Strickland, *Studies in European Co-operation*, Vol. I, pp. 23–4.

the interests of the insured persons or of other claimants on the basis of the insurance agreements. Direct supervision is undertaken by the Minister of Internal Affairs, who must satisfy himself that the companies in question are complying with the rules laid down for them, the constitution approved by the public authorities and the conditions contained in the working concession.

The number of policies issued in 1928 by the co-operative associations amounted to 62,170 for 935,087,178 Kč. insured, and by the limited companies to 18,737 with 735,037,792 Kč. It can be seen from these figures that the co-operative associations have issued more than three-quarters of all policies. On the other hand, the private hail insurance companies cover much larger risks than the co-operative associations; the average risk covered by the latter amounted to 39,200 Kč. and by the former only to 15,000 Kč. Claims dealt with by the co-operative associations in 1928 numbered 13,183, with a value of 19,069,574 Kč., the corresponding figures for the limited companies being 8,070 for 16,054,942 Kč.

The following figures indicate the volume of hail insurance transacted by both groups in 1932 (in 1,000 Kč.):

	Total.	*Co-op. Assns.*	*Limited Companies.*
Premiums paid . .	20,953	16,463	4,496
Net premiums paid (deducting re-insurance) . .	9,036	7,557	1,496
Total compensation paid .	17,996	14,629	3,367
Net compensation paid (deducting re-insurance) .	8,137	6,888	1,249

In Germany hail insurance is operated by two classes of undertakings, private companies and public institutions. The private companies operate under the inspection of the National Office for Supervision of Private Insurance (Reichsaufsichtsamt für Privatversicherung). In 1932 there were in operation four joint stock companies, seven large mutual insurance societies (accepting premiums to an amount in excess of 1,000,000 M. in 1931) and five small mutual societies (accepting premiums to an amount not exceeding 1,000,000

M. in 1931). The sphere of activity of the small society often extends beyond the territory of the State (Land) in which their main offices are situated.

The operations of the large mutual hail insurance societies can be seen from the following table: [1]

Name of the Society.	*Number of Policies Issued.*	*Insured Sums.* (1,000 M.)	*Premiums.* (1,000 M.)	*Claims Paid.* (1,000 M.)
Ceres V.G. Berlin	28,307	89,731	1,818	825
Deutsche Hagel V.G., Berlin .	15,719	68,743	1,250	774
Norddeutsche Hagel V.G., Berlin	219,032	854,475	14,056	8,460
Landwirtschaftliche V.G., Greifswald	9,007	143,572	974	674
Gesellschaft zur Gegenseitiger Hagelschadenvergütung, Leipzig	23,596	114,394	1,855	1,806
Mecklenburger Hagel und F.V.G., Neubrandenburg	3,861	125,879	1,147	918
Schwedter Hagel u. F.V.G., Schwedt	12,961	248,432	3,981	3,175

Yearly premiums received by the five small mutual insurance societies amounted to 178,180 M.

On the Balkans hail insurance is subscribed on a large scale in Roumania, Bulgaria and Yugoslavia.

In Roumania there is in operation a Hail Pool constituted in 1932 by nine companies, which jointly maintain a central organisation known as "Birou Central de Grindina" (Central Hail Office). This office is not incorporated, its duty being the joint direction of hail insurance operations. The constituent companies are free in the matter of obtaining business; each company is the sole judge of the number of insurance contracts which it can and is prepared to underwrite, and the staff of the company is in each case in charge of such operations.

The Central Hail Office has charge of the accountancy, which is carried on jointly. The gross incomes of the various companies, regardless of profit or loss, are pooled. After

[1] *International Review of Agriculture*, 1935, No. 6, pp. 226–34.

deducting the joint administration costs, the net deficit or surplus is allocated among the companies forming the Pool in proportion to the aggregate of premiums received by each company.[1]

A special feature of interest in the organisation of hail insurance in Yugoslavia is that in this country compulsory hail insurance has been partly brought into force. There are nine hail insurance companies operating in Yugoslavia, and only one of them, the " Croatia " Insurance Society, Zagreb, is a co-operative society. It subscribed, in 1932, 488 policies (out of a total for all companies of 4,289) for 7,153,000 dinars (out of a total of 89,165,000). It has paid in compensation during the year 425,000 dinars for 109 claims.

The steady fall in prices of farm products and the marked decrease of the profitability of agriculture in Yugoslavia has reacted unfavourably on the turnover of the hail insurance institutions. The number of policies has dropped from 15,388 (1929) to 3,509 (1933).

There is also a Hail Insurance Pool in existence. In 1932, 86 per cent. of the total proceeds of hail insurance business belonged to the companies grouped in the Pool; about 14 per cent. of the total proceeds belonged to the two societies, " Croatia " and " Slavya ", which took part in the convention, but not in the clearing.[2]

Hail insurance in Bulgaria was effected by the insurance section of the Central Co-operative Bank of Bulgaria at Sofia. The funds of the hail section must be devoted exclusively to the objects of hail insurance and are under separate management. The foundation capital of the institution has been fixed by law at 30 million levas, to be supplied by the State. Apart from these funds the law affirmed that the institution should receive from the State a yearly subsidy. During 1930 only 2 million levas were paid. The payment of claims and overhead expenses is covered by premiums received in the course of

[1] *International Review of Agriculture*, February, 1934, pp. 77–8 and 83.

[2] See *International Review of Agriculture*, 1935, No. 4, pp. 161–7.

the year, together with subsidies granted by the State and interest earned by the funds. The reserve funds are accumulated from surpluses, entrance fees, certain penalty payments which, in accordance with the law, must be passed over to the reserve fund, and, finally, donations and bequests.

In 1912, when hail insurance was started, more than 17,000 farmers insured their crops against hail. In 1915 the number had doubled, and in 1917 it reached more than 38,000. After that date, however, hail insurance entered a period of unexpected decline, the reasons for which are by no means clear. In 1922 the number of farmers who had insured their crops against hail sank to the low level of 7,713. Then the number began to increase, and in 1925, after the introduction of new legislation and changes in the management of the Central Co-operative Bank of Bulgaria, which undertakes this class of insurance, it reached 25,400, and it has since grown to over 100,000.

The new Law on Agricultural Insurance, passed by the Chamber in 1925, introduced considerable improvements in the system by granting societies effective State aid for the mutual insurance of crops, and has greatly contributed to the striking increase in this class of insurance. This new Law provides for the organisation of insurance not only against hail, but also against frost, drought and floods.

The following table summarises the development of co-operative hail insurance in Bulgaria:

Year.	*No. of Policy-holders.*	*Total Sums Assured.*	*Premiums Received.*	*Compensation Paid.*
1912	17,548	28,255,390	630,790	1,037,726
1919	31,064	123,316,620	4,805,292	4,155,393
1933	104,252	742,577,970	27,566,924	23,655,763

The policies are issued mainly to smallholders. Rates vary according to the nature of the risk, as determined by geographical situation and the nature of the crop. The compensation payable is at the rate of 80 per cent. of the damage. The Hail Branch of the Insurance Section is at the present time the only institution in Bulgaria which provides insurance against damage by hail. On October 15,

1935, 117,440 insurance policies against hail were in force. During the year, 1,363 claims from 1,100 villages were put forward for 33,480,000 leva; out of these, 29,722,782 leva were paid in compensation to 17,215 farmers and landowners. Conditions for the development of the insurance branch of the Agricultural and Co-operative Bank are quite favourable, but the depreciation of the prices of agricultural products prevents the rapid extension of hail insurance.

The Central Co-operative Bank has organised a regular service for observation of hailstorms and the damage resulting therefrom. This service works independently of the State Meteorological Service. An active popular propaganda for hail insurance is carried out, especially on April 27 each year, which has been fixed as Hail Insurance Day.

The losses due to hail are assessed by experienced farmers who act in the capacity of experts, with or without the assistance of the professional agricultural experts or the officials of the Central Administration. These farmer-experts are appointed by the Central Administration after consideration of local recommendations and consultation with the local professional experts. During 1933 local and other authorities gave 458,078 levas in subsidies. In addition to the initial capital, there was, on January 1, 1934, a reserve fund amounting to 58,754,277 levas.[1]

Hail insurance is not confined to Europe, but is also subscribed in Africa and America. In Africa it exists in the French Colonies and in the Union of South Africa. In Tunis hail insurance and fire insurance are effected chiefly by the agricultural co-operative insurance organisations working in accordance with the Beylical Decree of March 26, 1931.

In the Union of South Africa hail insurance operations were started in 1929 by the Farmers' Hail Insurance Society at Ficksburg (Orange Free State). According to this scheme, farmers, co-operative agricultural societies and any associations which come within the ambit of the Co-opera-

[1] *The Hail Insurance Department of the Central Co-operative Bank of Bulgaria*, pp. 281–2.

tive Societies Act, become members by application to the board of directors. The society has a working capital, an insurance fund and a reserve fund. The working capital is provided by an annual levy of 1 per cent. on the amount of insurance proposed to be taken out by each member, payable in cash at the time of making the proposal.

The balance of the working capital remaining unexpended on July 31 each year must be set aside as a reserve fund for payment in compensation for any loss or damage to members who have contributed to such working capital and for which loss or damage the insurance fund may prove to be inadequate. The interest or holding of each member in the reserve fund is calculated according to the contribution made by him towards the working capital. The distribution among the claimants of the proportion of the insurance fund to which they are entitled takes place annually on March 31.

All profits earned by the investments of the society must be carried to a dividend account and must be distributed to the members annually in proportion to their holding in the reserve fund. No member may receive out of the reserve fund compensation beyond the value of his holding in the fund. A member may decide not to take such compensation: in this case, his holding in the reserve fund remains undiminished. The compensation paid out of the reserve fund in any one year must not exceed two-thirds of the amount of the fund. If necessary, in order to keep the compensation paid within this limit, all claims may be reduced proportionately. No amendment to the provisions relating to the reserve fund may be made until it reaches a minimum sum of £50,000.

A member wishing to insure his crop must furnish the society, after October 1, with a proposal for insurance upon a form approved by the society. Every member is at liberty, at any time before loss or damage has occurred, to have the value of his crop estimated at his own expense, by one or more assessors. Such valuation must be lodged with the board of directors for guidance of the assessors in the event of damage occurring. The assessors must pay due

regard to pre-valuations. Whenever the crop of a member suffers damage by hail, he must, within three days, furnish the society with an estimate of such damage, after which the assessors proceed to appraise it.

At the beginning of 1932 the society had 2,300 policies in force covering an area of 200,000 morgen. A cash levy of 3 per cent., amounting to £31,500, was charged during 1931. The management expenses absorb about 1 per cent. of the insured sum.

In America co-operative and mutual hail insurance societies operate in Argentina, Canada and U.S.A. In the Argentine[1] 38 insurance institutions, 30 limited companies and 8 co-operative societies were sub cribing, in 1931, insurance against hail damage to wheat, l nseed, oats, barley, rye and canary-grass.

The Argentine Agricultural Federation,[2] one of the two great associations of Argentine growers, the other being the Association of Argentine Co-operative Societies, has established a co-operative hail and agricultural accident insurance society, which, in the course of fifteen years of activity, has insured crops to the total value of 133,672,977 pesos and has paid claims amounting to a total sum of 6,754,309 pesos.

As hail insurance has been in operation in the Argentine since 1894, the experience gained by the companies in this class of insurance has made it possible to draw up a differentiated schedule of premiums in the different zones of the "cereal region" of the country. These rates, classified according to three groups of products, indicate with fair accuracy the degree of danger from hailstorms in the different areas.

Of the total area of 6,182,643 hectares covered in Argentina by insurance, 5,048,028 hectares, or over 80 per cent., were

[1] *International Review of Agriculture*, July, 1934, pp. 287–93.

[2] This Federation, which was founded in 1912, has acquired great importance. The sphere of its activity extends over 1,500,000 km., and nearly 50 per cent. of the areas under the plough in Argentina are cultivated by growers belonging to the Federation. The membership of the Federation exceeds 23,000.

insured by the limited companies, and 1,134,615 hectares, or more than 18 per cent., by the co-operative societies. The ratio of compensation to values insured is 3·29 per cent. for the limited companies and 3·45 per cent. for the co-operative societies. The ratio of compensation to premiums received is 58 per cent. for the limited companies and 61·5 per cent. for the co-operative societies. During 1930–31 eight co-operative societies subscribing hail insurance in Argentina issued 11,234 policies (out of a total of 73,512) for 42,818,265 pesos. Premiums received amounted to 2,400,928 pesos and claims paid to 1,477,495 pesos.

In Canada hail insurance is effected by two types of institution: limited companies and municipal mutual insurance associations. In 1929 there were in Canada 41 limited companies with a Dominion licence dealing with hail insurance. In the prairie provinces, Saskatchewan, Alberta, Manitoba, the intention has been to form an inter-municipal organisation for hail insurance. The premiums received amounted to $3,571,334 and the claims to $1,013,527.

In the United States hail insurance covering growing crops is carried on by three types of institution: (*a*) joint stock fire insurance companies, which undertake also hail insurance of crops; (*b*) mutual hail insurance companies which, with a few exceptions, engage exclusively in this class of business; (*c*) State Hail Insurance Boards or Departments, under whose direction and control State Hail Insurance Funds are administered.

So far as can be gathered from official sources, the first organisation in the United States to undertake hail insurance of growing crops was a small mutual society organised in 1880 by the tobacco growers in Connecticut. This society came to an end in 1887, but was promptly succeeded by another hail mutual insurance society organised in an adjoining county. No other exclusive hail companies appear in the official records earlier than 1889, in which year four mutual hail insurance companies were reported from North Dakota.

Many of these early mutual insurance societies proved to be short-lived, but by 1900 there were 37 mutual hail insurance societies in existence in seven different states. The total premiums and assessments collected by these societies in 1900 amounted to approximately $643,000, and the losses incurred in compensation payments amounted to $407,000. In 1905 the total number of hail mutuals was still 37. Some had dropped out since 1900 but others had taken their place. The total premiums received by these societies during the year were $800,000, and the losses were approximately half that amount. In the five-year period following 1910 the number of societies increased to 39, and their total premiums in 1915 exceeded $3,330,000, that is more than threefold the amount for 1910. The total number of mutual societies operating hail insurance in the course of 1919 was 41, including 15 founded during the period 1915–19.

The hail insurance companies in the United States make use as a rule of two types of insurance contract: either a hail-damage clause is added to the policy of insurance against tornados or windstorms, or they issue a special policy for hail insurance. When the hail damage clause is introduced, the engagement on the part of the company to compensate for losses due to windstorms, cyclone or tornado is extended to damage caused by hail. Ordinary hail insurance policies usually contain provisions in accordance with which (*a*) the period of cover is limited to the growing season, and insurances cease to have effect so soon as the insured crops are harvested; (*b*) when another insurance exists, compensation is made pro rata; (*c*) no claim can be put forward unless the damage exceeds 5 per cent. of the total insurance cover; (*d*) if the losses are less than 5 per cent., the insured must pay the costs of survey; (*e*) only damage directly caused by hail is covered by the insurance; (*f*) claims in respect of loss resulting from failure to harvest ripened crops are not entertained; (*g*) in case of claim the area damaged must be precisely determined.

In 1930 the mutual insurance societies, existing mainly in the central part of the north of the United States, numbered 37, most of these dealing mainly with hail in-

surance of crops, while some also undertook insurance of buildings and farm equipment against damage caused by storms. It has been computed that in 1930 the mutual societies collected $4,250,000 in premiums. In the same year the number of national joint stock companies dealing with hail insurance entered in the list of the *Insurance Year Book* for 1931, was 115, with a total of premiums of $10,171,814 and compensation payments of $6,120,027.

(*d*) Livestock Insurance

Livestock insurance is one of the most intricate forms of insurance activity. It is of very great importance to the farmer whose capital is frequently limited to a few cows and horses. Since their produce and labour is often his main source of income, any misfortune befalling them would reduce the farmer to the most dire poverty. Livestock insurance originated quite early and made progress in various countries mainly in the mutual form. In many countries the State comes to the assistance of mutual and co-operative livestock insurance societies by appropriate legislation, by providing re-insurance facilities or by granting special subsidies The success of the livestock insurance depends to a very great extent upon its proper organisation. The elimination of the moral hazard and the lowering of the cost of insurance are the two main problems such an organisation has to solve. The co-operative and mutual form is the most suitable for this class of insurance, because, it being rarely possible to make enough profits to pay dividends on capital, livestock insurance is not of much interest to private enterprise.

The methods of compensation employed by mutual and co-operative livestock insurance societies are varied, but the most characteristic of them can be described as follows : Under the first and earlier system, especially common in Eastern Flanders, no regular premium is required of the members and there is thus no actual insurance fund. When the death of an animal occurs and the carcase is declared to be fit for consumption, each member is expected to buy at a previously fixed price a quantity of the meat pro-

portionate to the number of animals which he has insured. Even if the meat is not eatable each member still pays for the nominal number of kilogrammes he would have purchased at the fixed price, and the sum thus collected is handed over to the farmer who has lost the animal.

The second system is that of mutual insurance on the basis of a fixed premium, payable annually or monthly for each animal insured. Premium and compensation vary according to the class of the insured animal. If the meat is declared fit for consumption the amount of the compensation is reduced accordingly. In exceptional cases the local society may demand the payment of a supplementary premium, as, for example, in the event of exceptionally heavy losses, but as a general rule the insured persons simply pay their premium and thereby discharge all obligations.

The system which is based on fixed premiums has unquestionable advantages, but it has also its drawbacks, to which attention should be drawn. Although the actual work involved is not heavy, and in consequence the cost of bookkeeping and management is kept at a minimum, this system very often gives rise to injustice, when compensation is fixed, to discussions among the members as to the class to which the animal to be insured should belong, and to inevitable miscalculations in the case of epidemics or excessive losses. In consequence, the Belgian voluntary mutual insurance societies are, with rare exceptions, adopting the third or variable premium system.

The third system is based on a periodical valuation of the animals on the lists of the societies. As a rule, their value is fixed twice a year and the premium calculated on 100 francs unit of the sum insured. This periodical valuation obviously causes a certain amount of labour, but the system presents certain real advantages. In the local cattle insurance societies the maximum value of cattle is declared, the same applying also to horses, mules, etc. Even if a cow has an exceptional value for breeding purposes, only its value as meat is taken into account.

In some countries livestock insurance is organised by the mutual and co-operative insurance associations (Belgium,

Denmark, England, Holland, Luxembourg, Palestine, Czechoslovakia, Hungary, Finland and India) operating on their own. In other countries it is conducted by mutual and co-operative associations or special local associations under the supervision and with the assistance of the State. France presents a characteristic example of this system. Switzerland, Italy and Bulgaria have also established livestock insurance under State supervision, control or participation. Let us deal with these two groups of organization separately.

In Belgium livestock insurance societies were founded about 1870, a period in which the position of the small farmer was precarious. There were already in existence at that time large limited liability insurance companies, which covered livestock mortality risks for a heavy premium, but these companies were conducted on a profit-making basis, and their sphere of operations was too wide to allow any real check or supervision. When the small insurance mutual societies were started they developed very rapidly, and in 1897 there were already 290 registered and 146 non-registered local societies with 28,104 and 12,920 members respectively. The capital of the first group amounted to 173,326 frs., and of the second to 54,804 frs. Nearly all these societies adopted the forms prescribed by the special law of mutuality, only four of them being registered as co-operative societies. The movement has grown rapidly, and at present livestock insurance for horses, sheep, pigs and goats is subscribed in Belgium by local mutual societies which are grouped in re-insurance federations in every district. In 1927 these societies and their federations were operating as follows :—

	No. of Federations.	*No. of Insured Animals.*	*No. of Carcases Dealt With.*
Sheep . . .	12	114,800	552
Horses . . .	9	44,700	200
Goats . . .	4	20,200	271
Pigs . . .	2	7,200	38

Many regional agricultural federations in Belgium have organised re-insurance facilities for the mutual local societies undertaking insurance of cattle and horses. These societies

usually issue policies with fixed premiums at lower rates and return bonuses on surplus earnings.

The following table shows the activities of the main re-insurance federations in Belgium at the beginning of 1935 :

	No. of Members.	*No. of Insured Animals.*	*Sum Re-insured in Francs.*	*% of Losses.*
Réassurance bovine du Brabant . . .	4,353	9,295	18,904,400	3·30
Fédération de Réassurance bovine du Limbourg . . .	10,095	24,991	54,253,050	3·05
Fédération libre de Réassurance de la Province d'Anvers .	2,661	9,171	—	4·20
Fédération de Réassurance bovine de la Flandre Occidentale	1,894	8,997	18,515,950	3·40
Réassurance chevaline du Brabant . .	4,603	5,545	19,300,400	3·50
Réassurance chevaline du Limbourg . .	3,470	4,951	16,811,875	3·78
Réassurance chevaline de la Flandre Occidentale . . .	6,839	12,634	47,085,350	2·73

Denmark was one of the first countries to introduce livestock insurance on mutual lines. There is reason to believe that as early as the eighteenth century Danish peasants formed primitive and informal village societies for the purpose of insuring against loss of livestock, a kind of collaboration whereby losses were at once covered by a levy on the members. Early in the nineteenth century several insurance companies were formed, of which one, dating from 1812, is still in existence. Its articles of association, amended in 1855, containing reminiscences of the old village laws (in Danish *bye-lov*), provided not only for insurance of horses and cattle, but also for the keeping of a village bull and village boar for the common use of members, *e.g.* the peasants in the village. Down to the year 1900 there were as many as 41 such societies still in existence, which had been formed previous to the free constitution of 1849. All

these were quite small and primitive in their organisation. After 1850 insurance societies were formed in greater numbers, and of more modern kind, but most of them confined their sphere of action to one or two parishes, some of them even stipulating that only peasants could be admitted as members. Only one society was operating for farmers all over the country, and a few were for a group of parishes or a district. It was for some time a disputed point whether insurance societies should be small and co-operative, or large and joint-stock companies; but the small societies have eventually held the field.

An official inquiry made in 1915 showed that there were then in operation 2,221 general livestock societies, besides some which only insured against diseases, such as foot-and-mouth disease. Of these 2,221 societies, 1,090 insured horses, 757 cattle, 212 pigs and 162 insured several kinds of stock. The number of stock insured was: 405,000 horses, insured for £16,300,000, or 78·6 per cent. of the total number of horses in the country and 81·8 per cent. of all farm holdings with horses; 330,000 head of cattle, insured for £5,440,000, being 14·5 per cent. of all the cattle in the country, but 36·4 per cent. of the number of herds. It appears from these figures that the animals insured belonged mainly to small herds. Sheep and pigs were insured only to an insignificant extent. The societies were mostly small, half of the number of those insuring horses and cattle numbering less than 200 animals per society. In annual premiums £390,000 was paid for the insurance of horses and £111,000 for cattle. The cost of administration is, on an average, 3 per cent. of the annual premiums.[1]

In Holland mutual insurance of cattle, horses, sheep, goats and pigs is carried on in a co-operative spirit by numerous local associations, which, however, are not for the most part combined in unions for re-insurance purposes. There are about 1,000 cattle insurance associations, with 400,000 cattle insured. Of these, 600 associations cover the insurance of 100,000 horses, 150 societies effect insurance of

[1] Harald Faber, *Co-operation in Danish Agriculture*, pp. 152–3.

sheep or goats and about the same number insure pigs. Insurance of cattle has been centralised to some extent by the Veerisico of Amsterdam, which is establishing provincial associations to which local societies are being invited to affiliate. The associations admit both individual and collective members and are intended for pedigree animals of high value, particularly those in the Herd-books. Primary societies insure only up to a limit of 300 florins, the excess value being insured directly by the provincial association or through the society. The Friesland Association quotes a premium of 3 per cent. and pays a compensation varying from 50 per cent. to 90 per cent. An extra levy, if necessary, is made on the members. Members must insure all male animals inscribed in the Herd-books, and if they wish to insure cows, they must insure all those approved by the Association. Beasts are admitted from the age of one to ten years. The smaller societies collect a premium fixed at the annual meeting, and make a subsequent levy if occasion demands it. Their liability is unlimited.

In North Brabant a few hundred societies operate a section of the North Brabant Boerenbond: 131 for cattle, 149 for horses and 17 for pigs. Some of them collect premiums to cover claims; others compensate their claimants solely by levy. The latter method would appear to involve inconvenient delays. Defaulters can be expelled from the Boerenbond and lose their membership of the insurance section.

A central body for re-insurance up to 80 per cent. of the risk was founded in 1920. The articles of association are similar to those of Friesland, except that beasts may be admitted from the age of six months. The last obtainable figures for the year 1927 are as follows:

Kind of Livestock	*No. of Insurance Societies Supplying Information.*	*No. of Policy-holders.*	*No. of Insured Animals.*
Horses	498	74,380	123,494
Cattle	886	98,292	441,554
Pigs	175	20,580	68,648
Sheep and Goats	119	5,033	7,754

In the case of horses, nearly half of all horses above the age of three years are insured, and in the case of cattle about one-fifth of the whole stock. On the other hand, the proportion of pigs, sheep and goats insured is very small. The average of 1·8 for horses and 3·5 for cattle per policy-holder is sufficient evidence that considerable use is made of insurance societies by the medium-sized and small farms.

In Luxembourg a Union of Farmers' Mutual Insurance Societies (Fédération des Sociétés de Secours Mutuelles contre la Mortalité du Bétail) was established for livestock insurance in 1905 and operates successfully.

In England a number of small mutual insurance societies, better known as cow and pig clubs, are in operation. The Ministry of Agriculture ascertained that there were over a thousand pig insurance societies and approximately 150 cow insurance societies immediately before the War. A survey which was made in 1926, however, clearly showed that both in numbers and membership these small societies have rapidly declined since 1913. Of over 800 known pig clubs in 1911 only 300 were traced in 1926. Taking 1913 as indicating a 100 per cent. membership and pigs insured, the corresponding figures for 1926 would be 74 per cent. and 79 per cent. respectively. The decline in the number and membership of the cow clubs has been even more severe.

Both the cattle and pig insurance societies are mutual organisations consisting mainly of very small holders and cottagers in the district where the society has been formed. All the societies have some form of rules, but these are not in any way as comprehensive and binding on the member as are the rules of similar continental societies. The administration of such a society is in the hands of a president, secretary and a management committee of from four to six members. With a few exceptions all the societies charge an entrance fee on new members ranging from 6d. to 3s. 6d. per animal in the case of pigs and 2s. 6d. to £1 10s. per animal in the case of cows. No attempt seems to have been made to insure horses or sheep. Premiums for pigs

vary from 1s. to 6s. per animal per year, and for cows from 2s. to 12s. Compensation varies in different societies—some paying full market value, others two-thirds of that value.

Mention should also be made of another form of mutual insurance which has developed of recent years in Great Britain—slaughter insurance. Owing to the stringently enforced regulations governing the sale of meat, butchers are liable to suffer heavy losses on account of animals being condemned as unfit for consumption. With a few exceptions the butchers themselves organise an insurance fund to cover themselves against the risk of meat condemnation and farmers are not asked to contribute to the scheme. One association investigated had approximately 140 butcher members insuring annually 14,000 cattle. It was found very early in the history of this society that cows were a very unprofitable class and had to be abandoned. The premiums charged for other classes of cattle vary from 1s. 6d. per head for bullocks and heifers, to 7s. 6d. for heifers once calved. Compensation is paid at the rate of two-thirds the market value.

Livestock insurance is covered in various parts of Czechoslovakia by institutions of different types. In Bohemia it is run by private companies and in Moravia by a National Insurance Institute. Apart from these there are special local societies for livestock insurance, which are united in the Czech Federation of Insurance and Re-insurance of animals engaged in agriculture. The Federation was established in 1914, and for the first five years of its operations it included 182 societies for cattle insurance (with 7,152 members and 25,470 animals insured) and 18 societies for insurance of horses (with 640 members and 1,531 animals insured). The mortality rate for cattle was 0·89 per cent.

The Hungarian Mutual Animal Insurance Society was established in 1898 with a capital of 220,300 cr., to which the State contributed 20,000 cr. It insures horses and horned cattle and also subscribes special livestock insurance risks (epidemics, castration, racing). The Minister of

Agriculture insures with the Society bulls, stallions, etc., which are distributed over the country for breeding purposes.

The Society has striven to establish local co-operative insurance societies which might later associate for the purpose of re-insuring their risks. These endeavours have met with great success. Before the War there were in Hungary over 1,000 local co-operative insurance societies in operation. As a result of the War and the post-War crisis, many of these societies were liquidated, and only after an interval of fourteen years, when the Hungarian currency achieved some stabilisation, did the work of re-establishing the local co-operative insurance system start again. This was not too easy a task, because the reserves of the local societies were destroyed by inflation, and could not be fully restored, even by the granting of State subsidies. The development of the movement, therefore, proceeded at a slow pace. In order to reduce the expenses, the society needs to subscribe a considerable amount of insurance for non-co-operative clients. These are mainly the Ministry of Agriculture and local communities, to 600 of which the Central Society had issued policies covering 61,000 cattle. Half per cent. of the insured value is paid to the Central Society in return for which the Society provides the communal authorities with lymph against anthrax, gangrene, swine fever, etc. It also bears the liability for all damage exceeding 3 per cent. of the insured value. The society acts as a re-insurance office for the small local insurance associations. These subscribe livestock insurance only for animals older than three months and under twelve years of age. If the animals are badly fed, the policy can be cancelled. Each member contributes 1 per cent. of the insured value of cattle and 2 per cent. of the insured value of horses and pigs. The members pay, in addition, a levy to cover the actual losses incurred during the year, which is payable within eight days after the presentation of the account. The local society pays the costs of medical attention and medicine. It pays losses up to 80 per cent. of the insured sum, and in cases where the loss is more than 4 per cent. of the total

sum of the policies subscribed by the local society, the excess is paid by the re-insurance society.

At present an attempt is being made to insure the cows of members of the co-operative dairy societies in such a manner that the dairy societies would serve as agents of the central insurance organisation and supervise the activities of the local co-operative insurance societies. It is hoped that this innovation will result in an increased volume of business and reduce expenses. The society provides the local societies with all necessary printed matter, advice and directions in regard to management, and hereby popularises the idea of co-operative insurance among small farmers and brings home to them, through direct experience, the value of inoculation.

Livestock insurance is not confined to Europe, but can also be found in Asia—in Palestine and India. Rural co-operative insurance is conducted in Palestine by two cattle insurance societies, one of which has already operated for fourteen years. In 1931 they had insured 5,240 head of cattle in 94 villages for the sum of £140,000.[1]

In India cattle insurance societies, providing their members with indemnity in case of loss of cattle by death from disease or accident, have so far been tried only in 5 provinces, and there only on a small scale. Generally the societies undertake to insure plough cattle, cows and buffaloes between the ages of four and twelve. In the Punjab several societies for insurance of horses were started, but the attempt failed. Except in Burma, these societies have no share capital, and the funds are derived from premiums; reserves are accumulated by fines, admission fees, donations and interest on investments. In order to popularise the movement, the share system with dividends and bonuses was very recently introduced. In provinces where societies operate with no share capital, the liability of a member is limited to the amount of premium payable by him. The premium rates are decided upon by the general meeting, but the

[1] N. Barou, *Co-operation in Palestine. Annals of Collective Economy*, 1932, No. 2, Vol. VIII, p. 228.

usual rate is 5 per cent. of the value of the animal as annually determined by the valuation committee, payable in two half-yearly instalments.

Except in the small province of Coorg, it is only in Burma that cattle insurance has made any progress. Burma had at one time 379 societies, whose work was steadily improving. Death reports were submitted more punctually and indemnities more promptly paid than used to be the case. The funds accumulated by the Upper Burma Central Re-insurance Union amounted to approximately 9 per cent. of the risks insured, as a result of three years' working. The latest news from Burma is, however, discouraging, as may be gathered from the following description of the situation supplied by a competent observer in October, 1935: "Cattle insurance is at a standstill. Societies for the most part are being wound up. The number of societies of this class at the beginning of the year 1934, was 255 and at the end of the year, 244. Mandalay is the only centre where there is any real desire for this form of co-operation. The Central Cattle Re-insurance Society has applied to Government for assistance, and its fate has now been under consideration for a long time. It is not feasible to attempt to do anything at present. Cattle insurance is one of the most difficult branches of co-operation, and to make it a success in a province where the simplest form of co-operation has failed, requires very cautious supervision and would require considerable official staff, which the Government cannot at present afford. I am afraid, therefore, that co-operative agricultural insurance in this province can be regarded as dead, and that it is only a matter of time before what still remains will have to be closed down. When there are no prospects of an adequate staff for supervision, it would be an improvident and reckless thing to undertake still further commitments."

Bombay, the United Provinces and the Punjab have a few societies which are not in a very flourishing condition. The Registrar of the United Provinces explains that the great difficulties are frequent changes made by the members in their cattle holding and, above all, lack of comprehension

of the operations and of faith in the benefit of such societies. It is questionable whether co-operative cattle insurance has any future before it in India, except in the case of expensive cattle.

The State-aided group is composed of the mutual and co-operative livestock insurance organisations in France, Italy, Switzerland and Bulgaria. France can be regarded as the originator of the State-aid method, and the description of the French system will be given first.

Insurance against livestock losses in France is conducted by three types of institutions: by limited companies, by large mutual societies and by small mutual societies. In 1933 there were in operation 6 limited companies and 17 large mutual societies. In addition there is a large number of small mutual agricultural insurance societies, which deal with livestock insurance.

The local insurance societies may be institutions for direct insurance or re-insurance societies of the first and second degree. A separate institution should be established for each class of risk. In the same commune only one local society for each class of risk is allowed to benefit from the State subventions. Where there are two mutual institutions in the same place, the one which first lodged articles of association at the Mairie is given the preference, provided that its operations are properly conducted in accordance with the terms of the legislation in force.

Livestock insurance in France has been developed on a very large scale by the agricultural mutual insurance societies with the assistance of the State. In 1921 there were 10,212 such societies in operation for direct insurance and 78 for re-insurance. The societies for livestock insurance are the oldest and most numerous, but a large number of them neglect to re-insure. The 78 re-insurance societies did not, in fact, include more than 2,977 societies. To a very large extent the State supervises the activities of the societies. The annual premium is fixed by the rules: it cannot be less than 1 per cent. of the value of the animals for societies that insure cattle only; 1·50 per cent. for societies insuring horses, mules, etc., only; 1·25 per cent. for societies insuring

cattle and horses, and 3·50 per cent. for societies insuring pigs. The amounts of compensation to be paid are also fixed by the rules, but they cannot in any case be less than 50 per cent. or more than 80 per cent. of the net loss, which is defined as the value of the animal affected (as fixed by experts), less the value of its meat and other utilisable parts of the carcass. The compensation may, however, be based on the total of the gross loss without deduction of the value of the meat.

The mutual societies for re-insurance against livestock mortality and fire, which in their turn re-insure the risks with a Central Re-insurance Society, may obtain from the Ministry of Agriculture grants-in-aid of two kinds.

Finally, in the event of the winding up of a re-insurance society, the part of the assets of the society provided by State subvention is paid into an agricultural mutual insurance society or to a public utility scheme named by the general meeting of the members, subject to the approval of the Minister of Agriculture. The surplus is utilised in accordance with the provisions made by the rules, but it can never be divided among individual members.

It should be noted that the above provisions relate solely to mutual insurance societies for livestock and hail risks.

On January 1, 1929, the mutual agricultural insurance societies numbered 6,470 local mutual institutions and 80 regional or departmental re-insurance houses. The societies on this date had a total membership of 311,822 persons and the value of the stock insured was 2,101,040,060 frs. The number of the animals insured was thus distributed: cattle, 707,480; horses, 201,481; other stock, 23,090. The contributions paid amounted to 33,134,117 frs. and the value of the losses sustained was 33,445,618 frs.

During the last years there has been a slight increase in the number of societies, but it should be observed that the number of members and the value of the stock insured have remained almost stationary.

The National Office for livestock insurance had affiliated to it at the end of 1934, 51 re-insurance societies, with

2,500 local societies having 67,000 members, and 165,000 insured animals with a value of 400,931,658 frs. Premiums received for the year 1933 amounted to 1,094,356 frs. and disbursements to 1,130,338 frs., the loss incurred during the year being 35,972 frs.

In Italy, especially in the small rural communes of the Alps, there are livestock insurance societies which date back over a considerable period. At present, local co-operative cattle insurance is built up in Italy on the following lines: (*a*) it must limit itself to a small area with a population not exceeding 5,000 inhabitants; (*b*) annual premiums or contributions must be fixed within the limits prescribed by the Minister of Agriculture; (*c*) it must observe the principle of honorary administrative services, the secretary and the cashier excepted; (*d*) compensation must be given for actual loss only, excluding all speculation; (*e*) the societies must form re-insurance federations for spreading and averaging risks.

The work of all officials is honorary, but the general meeting of members can allow the payment of certain sums to the secretary, cashier and others in remuneration of their services. The society never pays to the owner more than 80 per cent. of the value of the insured animal at the time of the accident, and the carcass is then appropriated by the society.

Mutual supervision, control and re-insurance are effected by provincial federations formed for these objects. A provincial federation cannot be formed by less than ten societies. Cattle insurance societies organised on these lines have made considerable progress since the War, and in 1932 there were in the province of Trento 108 societies, insuring 6,000 farms with nearly 16,800 animals. According to statistics published by the *Ente*, there were in 1931, 218 co-operative cattle insurance societies affiliated to it. The number of affiliated societies had risen in 1934 to 553, with 100,000 members.[1]

In Switzerland, livestock insurance is undertaken both by

[1] F. Cotta, *Agricultural Co-operation in Fascist Italy*, 1935.

local mutual societies, by mutual societies operating in a larger area and by private limited companies. The local societies receive considerable grants-in-aid from the Federal Government and from the cantons, but in spite of this support the societies show, since 1916, a steady decline of business, a position which can be partly explained by a national decrease in the livestock population. The local mutual insurance societies numbered in 1930, 2,246 with 149,266 members. Apart from these there are 18 cantonal, intercantonal and all Swiss insurance societies, with 206,317 members. All these societies had, in 1929, 877,996 insured animals and dealt with 30,503 claims, paying 6,006,031 frs. in indemnification, to which cantonal subsidies contributed 1,484,425 frs. and federal 1,102,725 frs.

Statistics relating to transactions of the limited liability or mutual companies operating on a national scale merely supply information on the annual change in the amount of capital insured and the amount of premiums and losses, which renders thus any comparison with the position of the local societies impossible.

An interesting kind of livestock insurance is found in Switzerland, where the Union of German Swiss Bee Friends has organised insurance against foul brood. The Union started this operation in 1908 and has since increased its membership to 18,000. The number of hives insured has increased from 90 to 206 thousands, which represents 90 per cent. of all hives. During the first 25 years of its operation the Union paid 151,539 frs. in claims.[1]

In Great Britain the Berkshire Society of Beekeepers operates a foul brood insurance scheme, providing compensation for members in the event of their colonies of bees, or combs, or both, having to be destroyed as a result of their becoming infected with foul brood. Compensation may be either by money payment or by replacement with equivalent colonies at the discretion of the Committee. No more than £7 10s. can be claimed by a member. In the

[1] Dr. Fr. Leuenberger, *Ein Vierteljahrhundert Faulbrutversicherung des V.D.S.B.*, 1908–32, Bern.

case of members whose subscriptions do not exceed 3s. 6d., the number of colonies covered by this insurance shall be six, reckoned as on April 1 each year. One additional hive shall be included as insured under the scheme for every penny paid by a member in excess of the subscription of 3s. 6d. The administration of the scheme is in the hands of a special insurance committee whose decision is final in all matters concerning compensation. All cases of disease must be reported to the committee within 7 days and the examination of bees is made by advisers appointed by the committee. The benefit of this scheme may be extended to non-members on application and payment at the rate of 2d. per colony.

The Scottish Beekeepers' Association established twelve years ago a special Insurance Committee which subscribes, under agreement with an established company, three schemes of insurance for beekeepers Two of them operate in Scotland, England, Wales and Northern Ireland, and one only in Scotland. The first two are public liability and fire or theft insurance. The public liability policy indemnifies owners of bees against their liability to third parties for injury to persons or damage to property occasioned by bees from their insured apiary outside their apiary. All associates of the S.B.A. who pay 7s. 6d. per annum are covered for public liability as above up to 18 stocks, provided they sign a proper declaration. In the event of an injury or damage caused by the bees of the insured, he must give notice in writing within seven days from the date of such claim, specifying the nature of it. Under the second policy, an additional risk is covered by the Association; their liability shall not exceed £2 per stock (bees and combs), £1 for the hive, £1 for loss of honey and £10 in the aggregate under the claim. The third policy is issued only for Scotland and covers the first two, together with compensation for loss by foul brood. Total liability for all risks cannot exceed £20. The terms are 4d. per stock, minimum 3s. 6d.

There is also a scheme for collective insurance for beekeepers' associations, under which they can insure every

25 of their members for the first policy at a premium of 7s. 6d. and for the second policy at 12s. 6d. for the group.

In Bulgaria livestock insurance at first made very slow progress; nevertheless, the number of mutual livestock insurance companies increased from 3 in 1912 to 64 in 1924. Their membership has correspondingly increased from 35 to 1,641, and the number of insured animals from 9 to 4,605. Until 1925 only cattle were insured. In that year the insurance of horses was introduced. This class of insurance is also organised on co-operative lines, and its introduction has become all the more necessary since in recent years the price of horses has reached a very high level in Bulgaria.

In 1925, as a result of the new law facilitating livestock insurance, the number of mutual livestock insurance societies increased considerably. There were in existence at the end of September, 1925, 363 such societies, covering the whole of Bulgaria, with insured animals numbering 10,205 and a value exceeding 54 million leva. In 1925 the sum of 742,840 leva was paid as compensation in respect of 215 cattle and horses.

At present, livestock insurance in Bulgaria is organised on the basis of the law of December 26, 1910, as amended by the law of February 27, 1931. In accordance with this new legislation, a livestock mortality and accident insurance section of the Central Co-operative Bank of Bulgaria was established. Membership of the section is open to any livestock insurance association, constituted in accordance with the provisions of the law, provided it accepts the livestock insurance regulations prepared by the section and approved by the Ministry of Agriculture and Public Lands. The rules have to be accepted by the general meeting of founder members and confirmed by the section. The Livestock Insurance Section exercises a control over the activity of local associations and has the right to audit their accounts. These associations are exempt from the obligations imposed by law on other co-operative associations in respect of

registration, publication of their proceedings and reports of working.

The insurance premium is fixed by the decision of the insurance section with the approval of the Ministry of Agriculture. Ten per cent. of the premium is allotted to the reserve fund of the section and the remainder is used to pay one-half of the compensation payments which falls upon the associations. If the proportion of payments falling on the associations cannot be covered by the annual premium, the deficit is considered as a first charge on the reserve funds of the associations, although not more than two-thirds of this fund may be utilised for the purpose. If, however, there is still a deficit, it becomes a first charge on the reserve fund of the section.

The State has granted the section a sum of 15 million leva as foundation capital. In accordance with the law the section receives from the State an annual subsidy with a minimum of 2,500,000 leva. If this subsidy is insufficient to cover that share of the compensation payments for which the section is responsible, it is supplemented by the State. At the beginning of 1931 the Livestock Section had reinsured 840 associations with 31,501 members for 345,958,240 leva. During 1930 premiums of 6,508,640 leva were received, and 4,513,640 leva was paid for claims in regard to 1,585 animals. The State subsidy amounted to 1,500,000 leva and grants from district councils to 55,662 leva; the sales of the hides of the animals brought in 920,020 leva.

Since 1935 livestock insurance was operated by a special branch of the Insurance Section of the Agricultural and Co-operative Bank in Bulgaria in collaboration with 1958 mutual insurance associations which number 77,523 members. They have insured 152,120 animals for the sum of 359,410,000 leva. During the last year the section received in premiums 4,667,502 leva and has paid in claims for 3,093 animals 4,755,102 leva.

Agricultural Accidents and Sickness Insurance

Agricultural accidents and sickness insurance was established by farmers' organisations in Switzerland as early as

1863. Although not compulsory, agricultural insurance of accidents has become a necessity for farmers. Small cultivators need a personal guarantee against accidents of which they may become victims in the course of their agricultural labours. There is also equally a need for protecting the workers employed. In a word, farmers need to be insured against all accidents which may cause them damage, either personal or otherwise.

The Swiss Society of Agriculture, which subscribes agricultural accident insurance, was founded in 1863 as a result of the fusion of the Society of Swiss Agriculturists and the Swiss Central Society of Agriculture. It is concerned with the general interests of agriculture and is responsible for the distribution of federal subsidies. It is engaged in various activities, such as insurance against accidents, the experimental organisation of cultures, the importation of hogs, etc.

At the end of 1916 it consisted of 29 sections with a membership of 62,380. In 1916 it insured 4,403 men and 113 women, of whom 1,035 were employers, 444 members of their families and 3,037 employees and journeymen labourers. Altogether, 97,294 francs were paid in premiums and supplementary contributions for medical and pharmaceutical expenses.

In Holland also agricultural accidents and sickness insurance has made great progress. Since the Government's provisions for the insurance of industrial workers did not meet the needs of farm labourers, the larger agricultural associations in Holland took the initiative and formed an insurance institution free from State intervention. The Central Agricultural Insurance Society (The Centrale Landbouw-Onderlinge) combines the independent provincial associations, which themselves settle all small claims. These associations, in their turn, are divided into local sections. The Central Society acts as the common administrative centre and provides the compensation in the most serious cases.

The Central Agricultural Insurance Society has done excellent work and has thus proved that an insurance com-

pany completely decentralised and depending chiefly on the unpaid collaboration of its supporters, can well meet all the exigencies of this important class of insurance.

From the report of this society for 1919 it appears that the number of its members rose from 3,699 in 1910 to 15,000 in 1919; 21,845 workers had received compensation and 95 widows and other members of the family had been liberally assisted. All these claims were satisfied at the moderate cost of a 12½ florins premium for every 1,000 florins of wages paid.

Following the continued success of the Central Agricultural Insurance Society and other mutual insurance societies founded about 1910, the Government in 1921 decided to incorporate these societies in a new system of insurance against agricultural accidents and sickness, provided that the rules of the societies were previously submitted for approval. An employer was obliged to insure his workmen in the State Insurance Fund only if he were not registered in one of these mutual societies. Consequently, the most interesting part of the Bill was that which regulated the work of mutual associations.

As these societies were working satisfactorily, their rights were restricted as little as possible. In general, the Government merely reserved to itself certain guarantees. Mutual societies are not allowed to make profits. Their members must be personally liable for the corporate debts up to one year after their resignation. A society which does not specify this condition must deposit in the State Fund a certain sum as a guarantee. Compensation may not be fixed at a lower level than that of the State Fund. Every employer must inform the central administration of the nature of his undertaking and of the accidents which have occurred. To safeguard against biased decisions, the societies are under an obligation to take half the number of their directors from among the agricultural labourers, who have to be nominated by the Minister from a list drawn up by workmen's societies. A mixed council of employers and workmen has to supervise the management of the societies.

If the same man is in turn a paid workman and an independent employer, his wages varying from week to week, the temporary compensation is calculated not according to the wages received by the insured person at the time of the accident, but according to the average weekly wages of the class to which he belongs.

The new regulations had a stimulating effect on the activities of the mutual insurance societies. On October 31, 1924, the membership of the Central Agricultural Insurance Society had grown to 33,939. The number of farmers who insured themselves against accidents in agricultural work was 2,555, and the number of members who had similarly insured their children had risen from 1,026 to 1,341. On October 31, 1924, the membership of the Horticultural Mutual Insurance Society (Tuinbouwonderlinge) was 6,300. At the end of 1924 the total amount of wages insured in the Accident Insurance branch of the Dutch Boerenbond, which includes 5 separate unions, was 26,485,000 florins. On May 1, 1925, 11,000,000 florins was insured in the Central Federation of Accident Insurance Societies known as "Het Platteland". At present, the Central Agricultural Mutual subscribes 36 per cent. of all accident insurance in agriculture, and the Horticultural Mutual 11 per cent., the State Insurance Bank 6½ per cent. and the rest (47 per cent.) is subscribed by other trade mutuals.

In Denmark, among other insurance societies, one calls for special mention, *viz.* "The Accident Insurance Society for Dairies and Agriculture (Mejeriernes og Landbrugets Ulykkesforsikring). A Law of January 7, 1898, dealing with employers' liability in case of accidents to workmen engaged in factories using machinery, made owners of all co-operative and of most other dairies liable, and to meet the risk, a mutual society was formed in November of the same year by 712 co-operative dairy societies. By the following year almost all the co-operative dairy societies and many private, collective and estate dairies had joined. A law of May 27, 1908, imposed a similar liability on owners of agricultural holdings of a taxable value of not less than

£50, while for smaller holdings, the owner of which is in a scarcely better economic position than his labourer, it gave facilities for both owner and labourer to insure themselves voluntarily against accidents occurring in the course of their agricultural work, the State paying half of the insurance premium. The above-named society obtained the sanction of the Minister of the Interior to widen the scope of its activity in effecting insurances under this law. It also formed a branch for private insurance against accident. In 1916 the society had about 158,000 members, of which about 1,300 were dairy societies or owners of private dairies, 51,500 compulsorily insured, and 14,000 voluntarily insured agricultural holdings, and about 90,000 private persons. The general meeting, the highest authority of the society, consists of representatives, one for each of the 24 sections into which the country is divided, for the purpose of administration. Members are grouped around the dairies in their district. Meetings of all members of the insurance society, living in the various dairy districts, are held at the dairies every third year, immediately after the annual general meetings of the co-operative dairy societies. At these meetings representatives are elected for the dairy districts, one for each. These representatives, together with delegates from each of the dairies, meet every three years within each of the 24 sections, and elect the representatives to the general meeting, one for each division. The general meeting elects the board of management, consisting of five members. The board appoints a managing director.

In 1916 compensation was paid to the total amount of £30,000. In 1917 the society was authorised by the Minister of the Interior to cover risks under the law of July 6, 1916, consolidating previous enactments relating to accident insurance.

At the end of 1935, the society subscribed various other kinds of insurance and issued policies as follows :—

Accident Insurance	228,000
Third Party Indemnity Insurance . .	100,000
Burglary Insurance	1,300
Motor Car Risks	17,400

The society occupies one of the first places in Denmark, and its rates are lower than those of the ordinary companies. Surpluses are not distributed among members, but are put to reserve. Insurance reserves amount to 2,807,044 Kr. and other reserves to 3,089,330 Kr. They are invested in State and bank securities. The management of the society now consists of committee and board of directors. The committee is composed of 24 representatives elected by 1,600 trusted agents of the society. These agents are elected by the members. Management expenses amount to 21·7 per cent. of the premiums.

Another co-operative accident insurance society in Denmark is of interest. It is The Farmers' Parish Union Accident Insurance Society (Sogneraadsforeningernes Ulykkesforsikring for Landbrugere). This society was established in 1909 following the introduction of legislation for compulsory accident insurance. The society also subscribes voluntary accident insurance for members' families. The number of policies in force is 14,000; the policies usually cover the family of the farmer and his labourers; 90 per cent. of the members are farmers and they are spread all over the country.

The society does not pay bonuses, but uses its surpluses to form reserves, which reached 300,000 Kr. in 1935, and to reduce premiums. During the last few years, over 50,000 Kr. were used for this purpose. The reserves are placed in co-operative and savings banks. The society does not employ agents, but has local representatives chosen by the members in different parishes. The management committee consists of five members, chosen by the general meeting; the latter is formed by delegates from every county, elected by the representatives of the parishes. Management expenses absorb 18 per cent. of premiums.

Mutual associations for insurance against accidents to farm workers also exist in Italy. Since 1904 there has been a law in Italy requiring employers of industrial labour to insure their labourers against accidents, but such insurance did not apply to agricultural workers in the pursuit of their work—except that the Act required the insurance

of men engaged as foresters or handling farm machinery. The mutual insurance associations, therefore, subscribed voluntary insurance of the agricultural population.

Mutual insurance societies against accidents to farm workers in Turin, Vercelli, Milan, Bologna, Rome and Florence cover insurance against death and permanent disablement by accident. The society at Vercelli has extended its policies to cover temporary disability. The premium charged by these insurance societies is calculated at so much per hectare of land under cultivation. The mutual society of Vercelli charges 5 frs. per 1,000 frs. insured capital, and the premiums are calculated not on the basis of the number of labourers employed, but in relation to the area cultivated, the charge varying from 50 to 70 centimes per hectare of land, in accordance with the nature of the crops raised.

In France, too, a number of mutual societies for insuring workmen against accidents were created by the farmers' syndicates for the benefit of their members. La Sartoise, established by the farmers' syndicate of Arthe, is one of the most advanced. It guarantees to its members a daily indemnity in case of temporary injury, and indemnity in a lump sum for permanent injury or in case of death. The society also provides for medical aid and prescription. The premiums are payable in advance and differ with the nature of the farm operations. They are regulated in accordance with the number of hectares cultivated. The profits of the society are divided into two equal parts: one goes to the reserve fund, the other is distributed among the members proportionately to the amount of their premiums. Since the establishment of the society on March 1, 1905, La Sartoise has realised annual profits equal to 30 to 40 per cent. of the paid-up premiums, in consequence of which the yearly premiums payable by the people insured have been reduced by 15 per cent. to 20 per cent. La Sartoise is managed by the council composed of the officers of the Syndicate and of nine members from among the insured.

Agricultural accident insurance is covered in France by

two systems of insurance societies grouped round the Central and National Offices. The first, the Central Office for Accident Insurance (La Caisse Centrale d'Assurances Mutuelles Agricoles Risque Accidents) had at the beginning of 1935, 26 regional and 12,210 local societies affiliated to it. Policies issued numbered 582,393 and salaries insured, 1,694 million frs., with 55 million frs. in premiums paid during the year 1934. The second system of accident insurance, headed by the National Office of Accident Insurance (Caisse Nationale Accidents), had at the beginning of 1935, 36 regional and 3,000 local societies affiliated to it, with insured salaries amounting to 500 million frs. and over 250,000 policies issued. The National Office received during the year 1934, 13,800,000 frs. in premiums and paid 7 million frs. in compensation for claims. The reserves of the whole system for unsettled claims amounted to 12,600,000 frs.

In Bulgaria the accident branch of the insurance section of the Agricultural and Co-operative Bank of Bulgaria has issued policies for 2,175,000,000 leva for the last year (up to October 15, 1935) and has received in premiums 2,537,500 leva.

Motor-Car Insurance

The motor-car mutual insurance societies are very popular among the rural population in the U.S.A., and it will be of interest to give some information about the operations of a few representative societies. The first of them, the State Farm Mutual Auto Insurance Company, was organised in 1922 in Bloomington, Illinois. During thirteen years this company has grown to such an extent that it operates now in 37 states and became the largest mutual automobile insurance company, which actually carries more automobile insurance policies than any other company in the country today. This rapid growth has been largely due to the fact that its State agencies are held for the most part by the farmers' organisations, State Farm Bureaux, which, taking the state-wide agencies on a commission basis, are able to back their insurance programme by their entire organisational

strength and to build up a large agency in each state. These Farm Bureaux, acting as State agents, have been able to bring efficient and reasonably priced automobile insurance to many thousands of farmers; at the same time they have a considerable income, which has been useful in promoting their organisation work. In 1935 there were, for instance, in Michigan some 32,500 policies on automobiles actually in force and also over $4 million of life insurance, which had been placed among farmers largely through the State Farm Bureau of Michigan.

The main difference between the State Farm Mutual Auto Insurance Co. operations and those of most other companies, is that it collects a "membership" or what some people would call a "policy fee", which serves as an acquisition cost once for all. So no commission is paid to the agents thereafter. A premium is then fixed, which runs along for six months, at which time the policy-holder is debited for the amount shown to be necessary to cover the kind of risk he has insured. This builds the premium up to par again and he may go on again for the next six months. The acquisition cost is thus paid only once, and the premium is paid once and restored to its full value at the end of each six months. If the policy-holder changes cars, the agent charges him a dollar for transfer fee and the credits he had with the old policy are transferred to the new car, and so he goes on.

The State Farm Mutual Auto Insurance Company is, however, a strictly limited liability company, and also a strictly Legal Reserve Company. The policy-holder's liability is limited to the losses of the period during which he was insured, that is, for six months at a time; it is further limited to an additional amount equal to the original premium.[1] The main points stressed by the company in its

[1] The company explains the character of its operations in the following circular to members: "Our company is a mutual company, and the cost of insurance to policy-holders is dependent upon its losses. Careful driving will reduce the cost of insurance. The Company does not accept policy-holders unless they have a reputation for honesty, industry and integrity and does not desire to

appeal to the public are: The company is a Mutual Legal Reserve Company owned by the policy-holders. It is founded without promotion expenses and is operated upon a non-profit-making, co-operative, low-cost plan of insurance. Since its establishment policy-holders' savings in cost of insurance approximates 30 million. Contracts are written in plain language designed to make them understood by members. Fifty-four claims offices are maintained. The company has paid during the twelve years of its existence 466,964 claims. It subscribes insurance at low cost, because its expenses are low, its policy-holders are selected risks, subscribed by carefully selected agents, and its investments and reserves are efficiently administered. As a result of such organisation and methods of operation the company claims that, at the beginning of 1935, it had more than 1 million policies in force.

The growth of the State Farm Mutual Automobile Insurance Company is remarkable. The income of the company has increased from $29,222 in 1922 to $8,322,640 in 1934. The assets of the company have grown from $27,444 in 1922 to $8,803,304 in 1934, with a corresponding increase of reserves from $19,686 to $7,137,647 and of surpluses from $7,758 to $1,665,657. The money is invested mainly in United States Government Bonds ($2,841,247), in municipal, public utilities, railroads and other bonds ($3,984,572) and in real estate ($1,050,731); the investments are limited to non-speculative securities; full reserves are maintained and loans are forbidden to officers or directors.

insure persons who cannot afford to own or operate an automobile. By confining the policy-holders to this class of person, the cost of insurance can be kept low, as the Company will not be called upon to pay fraudulent and dishonest claims.

"Should you know of anyone who has become a policy-holder of the Company who is not a careful driver or who for other reasons should not have been insured, it is your duty to advise the Home Office at once so that an investigation can be made and, if necessary, the policy cancelled.

"The Company is operated for the benefit of its policy-holders and the greater the co-operation given by the policy-holders, the greater benefit they will derive from the Company in sound protection at the lowest cost consistent with safety."

Another company, the Farm Bureau Mutual Automobile Insurance Co., Columbus, Ohio, was started in 1926 with a capital of $10,000 secured from membership funds. It is now one of the ten largest mutual casualty companies in the United States and the only one of the ten less than ten years old.[1] Policy-holders number 133,000, and the company is now operating in eight states. It has accumulated a surplus and contingency reserve of $827,397. In addition to this " overwriting ", commission was paid to sponsoring co-operative organisations which introduced new members at the rate of approximately $2 for each new full coverage policy ; $1 is paid per policy when it is renewed for the next year. These sums have amounted to over $500,000 since the company was started, and this has all been done on rates that show a saving of between 40 per cent. and 50 per cent. of normal casualty rates. The sums received by the State co-operative organisations for " overwriting " have been used for educational purposes and to furnish capital for other co-operative enterprises.

The company has also invested part of its assets in a Co-operative Fire Insurance Company, and it is proposed to start in 1936 a life insurance company. It undertakes

[1] The secretary of the company writes: " One of my prime reasons for recommending our entry into the insurance field was in recognition of the need of having services in which all farmers and rural people could unite, and just recently we have taken action to extend this insurance to co-operative groups in cities. I am sure you appreciate that in this country some of our farm folks produce grain, while others buy it. Therefore, there is some conflict in interest between such groups, but all want insurance, and as consumers it brings us together, irrespective of our other conflicting interests. Further than that, we have long recognised that insurance companies constitute a secondary financing system of the country, and it is the control of the reserves of our large insurance companies, we believe, that has at least contributed to the great concentration of wealth in so few hands.

" Furthermore, many insurance companies have furnished capital to many agencies competing with co-operatives. For instance, the stock of some of our biggest privately owned dairy distributors is in the portfolios of our insurance companies. So we are appealing to our folks to join in the complete co-operative programme, and we find insurance has been a most significant part of this programme."

also to issue fidelity bonds for co-operative officers and managers. It is proposed to take care of general liability insurance for co-operative units, including particularly gasoline and oil stations. In the nine years of its existence the subscribed business has grown from $114,100 in 1926 to $3,500,000 in 1934. The total assets of the company at the beginning of 1935 amounted to $3,779,979. They are invested mainly in Federal, State and bank securities ($2,539,426), and in real estate—($346,723). The liabilities of the company are composed as follows: guarantee deposit fund, $2,082,348; reserve for unpaid losses, $773,171; reserve for contingencies, $277,397, and a surplus of $550,000. During 1934, 23,750 claims were filled and $903,737 were paid out in settlement.

Insurance against Agricultural Strikes

A special form of insurance against agricultural strikes was in existence in Germany. The Agricultural Mutual Insurance Society (Landwirtschaftliche Versicherungsgesellschaft auf Gegenseitigkeit) of Greifswald has been in existence for over eighty years, and carried on five classes of insurance against hail, fire, deterioration of buildings through time, theft and damage by riots. In June, 1920, a sixth branch was added: insurance against agricultural strikes. The new section was to be managed in common with the others, but its assets and its accounts were to be kept separately. It was also to have its own reserve funds. The establishment of this branch and the conditions of insurance against strikes were approved by the authorities. In order that the new section might from the beginning be placed on a firm basis, the old sections supplied it with a reserve fund of 300,000 marks. It was to begin business as soon as 1,000 persons, at least, desired insurance.

Although the society is authorised to work throughout Germany, it generally confined itself, in fact, to the plain of Northern Germany—Pomerania, Brandenburg and Mecklenburg—where large estates and the cultivation of cereals predominate. Individual cases in this branch of insurance are regulated by the president and officers, and exceptions

are generally decided by the Supervisory Council. A decision, whether on the question of insurance or on that of compensation for damages, must be exclusively based on the wages paid. Taking into account the fact that an agricultural strike cannot, as a rule, last long, two-twelfths of the annual amount of the wages are taken as the basis of the amount of the insurance. When it is desired to have insurance cover either for especially dangerous periods, such as the sowing or harvesting season, or for an acute form of strike (for example, the abandonment of urgent work in connection with the care of livestock), another twelfth is added. The policy-holder must declare the annual amount of wages paid for each farm in the previous year (beginning from July 1), account being taken of both money payments and payments in kind, which are estimated at their cash value. By dividing the total wages for the year by the total number of working days, the average daily amount of wages is obtained. This only is taken into account in the insurance, leaving out the nature and description of the occupation of individual labourers. The policy-holder may have either a uniform cover for all periods of the year or a fluctuating cover varying with the magnitude of the contingent loss resulting from strikes at various seasons. A policy-holder is thus allowed, if he prefers, to indicate certain periods for which he may require a higher compensation. There can be no insurance against a strike unless it lasts for two consecutive days and involves at least one-fourth of the labourers on the farm. The premiums are fixed in proportion to the whole sum required to cover compensation, and must be paid in one lump sum for each period of insurance. There are to be no special payments of any kind. The collection of the premiums is deferred and the settlement takes place for the whole financial year from October 1 to September 30, which constitutes the insurance period. The society is released from the obligation to pay compensation if the policy-holder has deliberately provoked the strike or if the strike was brought about through his own fault.

The Insurance Organisation of Co-operative Employees

The ideal of the Rochdale Pioneers of employing all members of the co-operative societies in their own co-operative enterprise is very far from being fulfilled. There is, however, a great army, well over a million strong, of co-operative employees all over the world, Great Britain heading the list with well over a quarter of a million.

The number of co-operative employees all over the world in 1929, as estimated by the statistics of the National Organisations affiliated to the International Co-operative Alliance, was 1,104,360. But this figure does not include the co-operative employees of countries not affiliated to the International Co-operative Alliance, and especially those employed by agricultural co-operative organisations in the U.S.A., Canada, Australia, etc. It would, therefore, not be far from the truth to estimate the number of co-operative employees all over the world at over 2 million.

In many countries where co-operative employees are not protected by State insurance, they have very early started to organise their own insurance organisations. In countries where general co-operative insurance organisations have already been established, there was no need for a special insurance organisation for co-operative employees (*e.g.* for Great Britain), but in many others, where such organisations were established at a comparatively late date, they were preceded by the co-operative employees' insurance organisations. In these countries, Germany, Switzerland, Denmark and Holland, the employees' societies continued their existence after the establishment of general co-operative insurance organisations.

It is, however, amply evident that there is no reason for the formation of special insurance societies for co-operative employees, when and where it is possible to form general co-operative insurance societies. Co-operative employees should be the first members to join such societies and serve as pioneers of co-operative insurance in general. Special societies of co-operative employees should be formed only if there is no other alternative, as their formation robs

the future co-operative insurance society of its best members. An investigation of the organisation and business methods of co-operative insurance societies of this group will confirm this general presumption.

Special co-operative societies for the insurance of the employees of agricultural co-operative organisations operate in Denmark and Finland. Apart from these, in India and Belgium there are in operation special schemes for the same purpose.

The Co-operative Insurance Fund (Andels Pensionsforeningen) was organised in Denmark in September, 1919, by the Danish co-operative societies and their employees. Its aim is to provide the co-operative employees with old age pensions from the age of 65 for men and 60 for women; pensions for invalidity by accident or sickness before the above-mentioned ages; and pensions for widows of employees. The membership comprises the majority of the co-operative societies and enterprises, including all bacon factories, all co-operative societies for the purchase of fodder, fertilisers, cement and dairy machines, and all manufacturing agricultural co-operative societies, etc.

The insurances are effected on a collective basis by agreement with the individual co-operative societies, but a separate policy is issued for each employee. At the end of 1935, 2,249 policies were in force, covering 2,389,320 Kr. of annual pensions. The society also re-insures 1,341 policies with annual pensions of 53,260 Kr. for other societies. The rates are as a rule lower than those of other pension insurance societies, especially the rates for women employees. Surpluses are used in the interests of the members, bonuses being transferred to special funds, which are used for increase of pensions, when they become effective. The surplus for the last year (1934) amounted to 93,000 Kr. The number of lapsed policies is very small; in 1934 it was only $2\frac{1}{2}$ per cent. of all policies in force at the beginning of the year. The society deals directly with co-operative insurance societies and has no agents. The cost of administration during 1932–33 amounted to 11·8 per cent. of the total yearly premium income.

The general meeting of the society is composed of the delegates of insured members. The general meeting elects 9 members of the management committee. Six other members are delegated by the co-operative societies, with whom agreements about pension insurances are concluded. The board of directors is composed of 5 members, of whom 3 represent the insured employees and 2 the co-operative societies.

The total funds of the society amounted on January 1, 1934, to 7,081,746 Kr. There is a guarantee capital of 750,000, of which only 75,000 Kr., or 10 per cent., is paid up. Insurance funds amount to 5,610,496 Kr. and other reserves to 602,647 Kr. On the other hand, premium re-insurance reserves represent 2,741,124 Kr. and various investments 3,475,973 Kr., of which 3,371,166 Kr. were invested in legally approved securities and the rest in other securities. During 1933, 566,277 Kr. were received in premiums and 284,650 Kr. were paid for re-insurance; interest on investments yielded during the year 172,470 Kr.

The Co-operative Dairy Societies in Finland have endeavoured to insure their employees in the same manner as the consumers' co-operative societies. An attempt to form a special insurance society for this purpose was made in 1914, but failed because the interested organisations were unable to bring together the necessary capital. In 1920 [1] the Central Agricultural Organisation, " Valio ", subscribed the necessary sum for the foundation of such an insurance office, which operates on the same principles as the insurance offices of the consumers' societies, under the name of the Mutual Insurance Society of the Co-operative Dairy Associations (Meijerivaen Keskinainen Elakevakuutusyhtio). The society began operations in 1921 with the object of providing for the employees of the co-operative dairies and other societies a pension, which has to be paid to men at the age of fifty-eight and to women at fifty-three.

If an insured person loses, as a result of illness, over 50 per cent. of his ability to work, he gets a disability pension,

[1] P. Molin, *Le Mouvement Coopératif en Finlande*, p. 163.

which is equal to the old age pension. If an insured married man dies before he reaches the pensionable age, his pension is paid out to his dependants : one-half of the man's old age pension is paid to the widow and one-tenth to each child until the age of eighteen. Apart from this, 3,000 FMK. are paid as burial benefit for each insured person in case of death.

The members are also insured against illness and accident. In case of illness lasting over fourteen days, three-quarters of the average day salary of the insured is paid to him for the whole period of disability. In regard to accident insurance, the membership is covered in accordance with the provisions of the Law.

By the beginning of 1935, the society had issued 205 policies covering 3,011 members. The premiums of the company are a little lower than those of the private companies in regard to accident insurance. As regards pension insurance, the society is one of the few insurance institutions subscribing this kind of insurance. The initial fund of the society amounted to 1 million FMK. and various reserve and other funds to 13,187,486 FMK. These funds were invested in mortgages and government securities.

The Société d'Assurance du Boerenbond Belge has subscribed pension and life insurance during 1934 for 3,607 employees. Premium income of this operation has brought in 2,589,908 frs.

In some countries, more especially in India, a kind of mutual insurance organisation has been established for co-operative employees by co-operative banks and credit societies. Several co-operative credit societies banks, especially those started by employees in offices in Bombay and Bengal, have adopted a kind of provident plan for paying certain amounts to the members on their retirement, or to their relatives in case of death. Members who wish to take advantage of such benefits have to pay certain fixed sums monthly or on call on retirement or death of members. The system cannot be said to be sound, unless it is based

on actuarial tables, for under the prevailing plan there is no certainty as to the premium to be paid and the benefit to be received. Section 41 of the Bombay Co-operative Societies Act enables societies registered under it to form a provident fund and to contribute to it some portion of net profits.

Conclusions

The previous pages show that agricultural co-operative insurance has struck deep roots all over the world and is now firmly established in over 30 countries. Is the existence of these numerous societies justified by their activities and achievements? We consider that our study gives an affirmative reply to this question.

It shows that agricultural co-operative insurance institutions were established because the rural population had found neither very generous nor very just treatment at the hands of the profit-making insurance companies. On one hand, they took no pains to institute a proper insurance organisation for the needs of small farmers; on the other, when they did subscribe such insurance risks, they did so at very high costs. In many countries the insurance companies dealing with agriculture formed "rings" or "pools" and charged their policy-holders exorbitant rates. The majority of the non-profit-making co-operative and mutual agricultural societies were established to supply the small farmer and the agricultural labourer with modern insurance facilities and to free them from the exploitation of profit-making insurance. It must not be overlooked that in some countries, such as Norway or Germany, the co-operative form of organisation was also used by landlords to cover the insurance needs of their agricultural enterprises, but co-operative societies of such a type are the exception rather than the rule.

Have the co-operative insurance societies fulfilled the double task which has been placed upon them by the shortcomings and deficiency of profit-making insurance? The facts as discovered by us again reply to this question in the affirmative. The establishment of co-operative insurance institutions was very beneficial. In many countries

the fact alone that the agricultural co-operative insurance society stood up and faced the ring of capitalist societies at once made a great difference to the rural population. The existence of co-operative insurance organisation calls a halt to unlimited exploitation by the profit-making companies and makes the latter think twice when rates and conditions are considered. It is no exaggeration to say that the existence of co-operative insurance has considerably improved the insurance conditions in agriculture in general.

But this indirect influence of co-operative insurance is supplemented by direct benefits which its activities bring to the rural population. Co-operative insurance has popularised insurance, as such, in country districts. It is fulfilling the difficult task, already indicated by Raiffeisen seventy years ago, and has brought insurance to the doors of the poorest rural household. By doing so it has considerably strengthened the economic position of the small farmer; it took from his shoulders many risks of his household-enterprise, which are now covered by insurance, and gave him an opportunity to concentrate confidently and safely on its proper productive functions.

Another important achievement is that insurance services were put at the disposal of the rural population by co-operative insurance at a cost much lower than that of the ordinary insurance companies. Apart from paying lower premiums, the policy-holder of an agricultural co-operative insurance company receives bonuses and dividends, which would otherwise constitute the profits of the shareholders of capitalist insurance companies. Co-operative insurance, however, benefits not only the policy-holder, as an individual: it accumulates funds, which serve not only individual members but also the rural community and especially the agricultural co-operative movement as a whole. It places a considerable portion of its funds at the disposal of co-operative financial institutions, which use them for granting loans to agricultural co-operative organisations and their members.

The activities of co-operative insurance result not only in material benefits for its membership. It has a great educa-

tional and organising value. It not only indemnifies policy-holders who are the victims of a loss, but teaches them to prevent many losses. These preventive and educational activities of agricultural insurance institutions are of the greatest economic value, because they diminish considerably the incidence of loss. In this way they decrease the cost of insurance and increase the accumulation of funds, which are used for the common good of the members.

Apart from its material and educational value, agricultural co-operative insurance is of the greatest moral significance. The difficulties of rural insurance lie in the considerable part played in it by the " moral hazard ". Agricultural co-operative insurance goes far to extinguish the moral hazard by means of co-operative education and organisation. Each member lives and works under the eyes of his fellow-members ; he knows that if his negligence brings about a loss—by fire, epidemic, accident—the indemnification for this loss will be taken out of his *own* and out of *their* pockets. Under such circumstances agricultural co-operative insurance develops in its members a high sense of duty and responsibility, high consideration for the interests and needs of their fellow members and neighbours. Because of this, agricultural co-operative insurance, probably more than any other form of co-operation, raises the moral standard of the rural community.

We have analysed the organisation of agricultural co-operative insurance in all its aspects. We can see that it has its own difficulties and shortcomings. These must not be overlooked but must be corrected by diligent and persistent efforts. The main difficulty was indicated more than half a century ago by Marx, who wrote : " Co-operatives of the labourers themselves represent within the old system the first beginnings of the new, *although they naturally reproduce*, everywhere in their actual organisation *all the shortcomings of the prevailing system.*" Marx' dictum also applies to co-operative insurance, which reflects the shortcomings of capitalist insurance, in the midst of which it operates, in the following manner.

Co-operative insurance societies formed by the wholesale

societies as their subsidiaries are imitating to a great extent the actual working methods of capitalist insurance. They return to the insured a greater part of the surplus than ordinary insurance societies, but they do not differ much from the latter in their business methods. These societies operate through agents and their management lies in the hands of paid officials. The participation of the insured in the management of the societies is very limited. On the other hand, the local co-operative insurance societies operate by proper co-operative methods. Members are enrolled by co-operative propaganda and enlightenment and are not lured in by exaggerated promises, as in private insurance. But the local societies, if they have not the backing of a strong federation or of a general insurance society, are exposed to all the dangers of an isolated local body, dangers which are especially serious in insurance.

The real solution of the problem of organisation lies, as in other spheres of co-operative activity, in the combination of the local and central institutions, in the building up of a federated system in which all links of the chain keep their independence and responsibility towards the local members, but are also interwoven in a federally organised scheme, all the units supporting and supplementing each other.

The scope of operations of agricultural co-operative insurance societies is one of the most important questions in their organisation. What form of societies—general or special—are operating in the most satisfactory way and should be given preference? It is too early to give a final reply, but as far as we can judge, the position in agricultural insurance is not the same in regard to different risks. Some of the rural risks, such as fire, are, from the actuarial point of view, as predictable as the urban ones. Others, such as livestock or hail, are less predictable and show great fluctuations. Anyhow, the local agricultural societies can only be regarded as safe when they re-insure the predominant portion of their risk with central societies. It is therefore advisable that the small rural societies dealing with special occupational risks should remain specialised societies, uniting a group of farmers for each special insurance purpose.

But how should the central insurance institutions for the re-insurance of the special societies be organised? Should they be organised as general or special societies? Experience shows that in the majority of cases they are special societies. These can be seen very clearly in the French system, which has special re-insurance societies for each of the five branches of insurance. The same applies to Bulgaria, where three different sections had to be established in the Agricultural and Co-operative Bank of Bulgaria. There is also another reason for building up these central societies as special ones: they often receive State subsidies or grants, because the risks covered by them are of such a nature that their actuarial value cannot at present be calculated precisely and the cost of it would often be prohibitive for the farmers. State help allows for a reduction in the cost of insurance and make its services available to the rural population. But it is difficult to give State grants to one branch only of a society, and it is more convenient to do it for special societies covering a single type of risk.

As regards agricultural insurance societies conducted on a national scale, there is a mixed picture. Some of them are built up as general societies (in Australia, Great Britain, Hungary), and some as special ones. Two facts are, however, clear: (1) Very few agricultural life assurance societies deal with insurance of property risks of any kind; (2) the most successful national societies in such branches of insurance as livestock (Hungary) or hail (Switzerland) are special societies. Our argument about the method of organisation of State aid also remains valid for these societies.

A few words must be said about the relationship between different co-operative insurance societies in one country. Can we advocate only one co-operative insurance society for each country, or can we insist that the societies of the same group, say all agricultural societies, should amalgamate in one society? The study of co-operative insurance is only in its beginnings, and it is very difficult and premature to press for such decisions. One thing is, however, quite clear. There must be collaboration and

co-ordination amongst all co-operative insurance societies operating in one country. A Co-operative Insurance Council, in which all such societies and the co-operative unions should be represented, would be a step forward in the right direction.

It is interesting to note that in India the beginning of such developments can already be noticed. The co-operative insurance societies are amending their articles of association in order to have the right to conduct operations all over the country and are concluding re-insurance agreements among themselves. They consider that " re-insurance between several co-operative insurance societies is the first step in unifying their interests and extending the benefits of co-operative insurance to the whole of India ". The future aim is to establish a United Co-operative Insurance Society of India.

The question of the relations of co-operative insurance societies of different countries is to a great extent a problem of the future. At present only 18 co-operative insurance organisations, mainly of the consumers' type, united in the Assurance Committee of the International Co-operative Alliance, have any connections among themselves. It is evident that the very useful and important activities of the Committee should be widened so that it may also embrace the agricultural co-operative insurance institutions of different countries.

Relations with the State form the last question to be dealt with. The co-operative movement all over the world has always been proud of being an independent movement free from State support and interference. Times, however, change. This traditional theory grew up in times of competitive capitalism. Now we are on the way to a new conception of the State which shall be an important factor in a new regulated economy. Such a State not only introduces legislation fostering economic developments, but must also support directly such branches of economic life as are neglected by private initiative. Many branches of rural insurance—especially hail, windstorm and livestock—do not represent interesting playgrounds for profit-making enter-

prise, and they are subscribed by capitalist societies at rates which are often nearly prohibitive for farmers. Co-operative insurance societies starting these branches of insurance are exposed to two alternatives: either they have to follow the course taken by profit-making insurance companies and calculate their rates high, or they subscribe insurance at low rates but face the danger of being unable to fulfil their obligations 100 per cent. in case of greater losses than had been foreseen by them. State grants and subsidies fill this gap. If the State participates in building up part of the capital of the insurance institution, it makes the latter stronger and creates the necessary reserve for emergencies; in other cases the State grants a regular subsidy and permits the society to regard it as a reserve for emergencies, or as covering part of the cost of operations. We are therefore of the opinion that State aid for co-operative agricultural insurance societies serves in some cases a useful purpose and should be advocated. But it must be understood that this aid should be only supplementary to the resources contributed by the co-operatively organised members and serve only as an additional reserve for unforeseen or incalculable emergencies. If the State participates in the capital of institutions, it should receive on the funds contributed the usual dividends paid to all shareholders and guarantors, and if it grants subsidies, the latter should play only a supplementary part and not transform the insurance society into a State pensioner. These reservations are important, because there is sometimes a tendency in the less conscientious and educated co-operators to "milk" the State in the interests of the members. State aid greater than is absolutely necessary demoralises the co-operative spirit of the institution, robs it of its most valuable co-operative features, and must be resisted by the whole movement. Co-operative organisations seeing the dangers of State aid must, however, not refuse it in case of need; they should make use of it with the necessary reservations in the interest of the development of co-operation and for the satisfaction of the interest of its members.

CHRONOLOGY OF CO-OPERATIVE INSURANCE

A = Agricultural
C = Consumers

A	1812	Denmark	Mutual Live Stock Insurance Societies.
A	1863	Switzerland	Swiss Society of Agriculture (accidents insurance).
C	1868	Great Britain	Co-operative Insurance Society.
A	1870	Belgium	Mutual Live Stock Insurance Societies.
C	1872	U.S.A.	The Workers' Mutual Fire Insurance Society.
A	1875	Switzerland	La Paragrêle Mutual Insurance Society (Hail).
A	1879	France	La Responsabilité (Accidents).
A	1880	Switzerland	Swiss Society for Hail Insurance.
A		U.S.A.	Hail Insurance Mutual Societies.
A	1884	Canada	La Portage La Prairie Mutual Fire Insurance Company.
A	1888	France	Hail Insurance Mutual Societies.
A	1894	Argentine	Co-operative Hail & Accident Agricultural Insurance Society.
A	1895	Belgium	Hail Insurance Mutual Societies.
A	1897	Canada	The Wawanesa Mutual Insurance Company.
A	1898	Hungary	The Hungarian Mutual Animal Insurance Society.
A		Denmark	Accident Insurance Society for Dairies & Agriculture.
A	1899	Hungary	The Farmers' Co-operative Insurance Society.
A	1900	Sweden	Mutual Hail Insurance Societies.
C		France	"La Solidarité" Workers' Fire Insurance.
C	1902	Holland	Central Bank for Employers' Risks Insurance.
A		Great Britain	Cornish Mutual Assurance Company, Ltd.
A	1903	Denmark	The Danish Co-operative Storm Insurance Society.
C		Bulgaria	The Teachers' Mutual Co-operative Insurance Society.
C		Denmark	Andels Anstalten Tryg Co-operative Life Assurance Society.
A	1904	Algeria	The Mutual Algerian Agricultural Insurance Society.
C		Spain	La Mutualitad Obiera.
C		Holland	The Central Workers Insurance & Saving Bank.

A	1905	France	La Sartoise Accident Insurance Society.
A		Luxemburg	Union of Farmers' Mutual Insurance Societies (Livestock).
C		Bulgaria	Bulgarian Civil Service Co-operative Insurance Society.
C		Germany	Pension Office of the Central Union of the German Consumers' Societies.
A	1906	France	Central Office of Farmers' Mutual Insurance Societies (Fire).
C	1907	Belgium	Social Welfare (La Prévoyance Sociale).
A		Morocco	Central Mutual Society of the Agricultural Mutual (Fire) Insurance Societies of North Africa.
C	1908	Sweden	Samarbete General Co-operative Insurance Society.
A		France	Central Office of Farmers' Mutual Insurance Societies (Livestock).
A		Great Britain	The Agricultural General Co-operative Insurance Society, Ltd.
A		Switzerland	Union of German-Swiss Bee-Friends.
A	1909	Denmark	The Farmers' Parish Union Accident Society.
A		Holland	The Horticultural Mutual Insurance Society.
C		Holland	Co-operative Society " Central Administration ".
C		Switzerland	Insurance Office of the Union of Swiss Consumers' Societies.
A	1910	Great Britain	The National Farmers' Union Mutual Insurance Society.
A		Holland	The Central Agricultural Mutual Insurance Society.
A		Bulgaria	Central Co-operative Bank (Insurance Section).
C		Finland	Tulenvara Co-operative Fire Insurance Society.
A	1911	Norway	Norwegian Society for Mutual Insurance Against Forest Fires.
A	1912	France	National Office for Re-insurance of Agricultural Mutual Insurance Societies (Fire & Livestock).
A		Tunis	The Regional Mutual Insurance Society.
A		Bulgaria	Central Co-operative Bank (Livestock Insurance Section).
C		Scotland	Scottish Co-operative Friendly Society.
C		Germany	Social Welfare (Volksfursorge).

A	1914	Czechoslovakia	The Czech Federation of Insurance & Reinsurance of Animals).
C		Sweden	" Folket " Co-operative Life Insurance Society.
C	1915	Holland	Marine Risks Mutual Society (Zee Risico).
A	1917	Canada	Saskatchewan Municipal Hail Insurance Association.
A		Spain	Mutual Hail Insurance Society.
A		Finland	The " Vakava " Reinsurance Society of Fire Insurance Societies.
A	1917	Finland	Farmers' Mutual Insurance Company " Aura ".
C		U.S.S.R.	Centrosojus (Insurance Department).
A		U.S.S.R.	Popular Bank of Moscow (Insurance Department).
C		Switzerland	Social Welfare (Volksfursorge) Co-operative Life Assurance Society.
A	1918	U.S.S.R.	Central Association of Flax Growers (Insurance Department).
A		U.S.S.R.	All-Russian Co-operative Union.
C	1919	Finland	" Elenvara " Staff Insurance Fund of Co-operative Consumers' Societies.
A		Australia	The Co-operative Insurance Company of Australia.
A		Denmark	Andels Pensionsforeningen.
A		U.S.S.R.	All Siberian Co-operative Insurance Society.
C		Czechoslovakia	Czechoslavia General Co-operative Insurance Society.
C		Finland	" Kansa " (Fire).
C		Finland	Tyäväenturva (reorganised in 1925 in " Oma ").
A	1920	Australia	The Producers' and Citizens' Co-operative Assurance Company of Australia.
A		Germany	Agricultural Insurance Mutual Society, Grenswald (Strikes).
A		Palestine	Livestock Insurance Society.
C		Finland	" Tulenturva " Co-operative Insurance Society.
A		Finland	Mutual Insurance Society for the Co-operative Dairies' Associations.
A	1922	U.S.S.R.	All Russian Co-operative Insurance Union.
C		Norway	Samvirke Co-operative Insurance Society (Fire).

A	1922	U.S.S.R.	The Central Insurance Section of Centrosojus (Strachsectia).
A		Ukraine	Insurance Department of the C.W.S.
A		Ukraine	Ukrainian Co-operative Insurance Society.
A		Germany	Raiffeisen Life Insurance Bank.
A			Regeno Life Insurance Bank.
A			Raiffeisen General Insurance Society.
A			Regeno Insurance Society.
A		Latvia	The Central Union for Co-operative Insurance.
A		U.S.A.	The State Farm Mutual Auto Insurance Co., Bloomington.
C		Hungary	Corvinia Co-operative Insurance Society.
C		Finland	Ponja Co-operative Life Assurance.
C		Bulgaria	Proprietor (Sobstrenik) Fire Insurance.
			Concord (Saglassie) Life Assurance.
			Co-operative Military Insurance Office (Life).
			" Moussallah " (Life).
A	1923	Estonia	Central Co-operative Insurance.
		Great Britain	Fishing Vessels Co-operative Insurance Society.
A		Belgium	The Insurance Society of the Belgian Farmers' Union (Boerenbond).
A		Ukraine	All Ukrainian Insurance Co-operative Union.
A		Scotland	Scottish Beekeepers' Association.
A		France	National Office for Reinsurance of Agricultural Mutual Insurance Societies (Hail).
C		Finland	Ponja Co-operative Insurance Society (Life).
C		Finland	Kansa Life Assurance Society.
A	1924	France	Central Office of Farmers' Mutual Insurance Societies (Accident).
C		Bulgaria	Sadruga Co-operative Life Assurance.
C		Roumania	Vultural General Co-operative Insurance.
C		U.S.A.	The Union Co-operative Insurance Association.
A	1925	Lithuania	Central Insurance Union " Kooperacya ".
A		France	National Office for Re-insurance of Agricultural Mutual Insurance Societies (Accidents).
A		France	Central Office for Mutual Agricultural Insurance.
A		France	Central Office for Farmers' Mutual Insurance Societies (Hail).

C	1925	U.S.A.	The Union Labour Life Insurance Company.
C		Finland	"Oma" Insurance Office for Workers in Co-operative Consumers' Societies.
A	1926	U.S.A.	The Farm Bureau Mutual Automobile Insurance Company, Columbus.
A		Italy	Mutual Insurance Society of Co-operative Organisations.
C		Palestine	"Hassneh" Co-operative Life Assurance.
C		Germany	"Self-Help" (Eigenhelfe) Co-operative Insurance Society.
A	1927	Italy	The Central Co-operative Insurance Society.
A		Finland	The "Kerki" Re-insurance Society of the Livestock Insurance Societies.
A	1929	South Africa	The Farmers' Hail Insurance Society.
C		Holland	The Federation of Trade Mutuals for Sickness Insurance.
A	1930	Italy	National Fascist Federation of Livestock Mutual Insurance Societies.
A		India	The Bombay Co-operative Insurance Society, Ltd.
A		India	The Bengal Co-operative Insurance Society, Ltd.
A		Norway	Samvirke Co-operative Life Assurance Society.
A	1932	Germany	Regeno Raiffeisen Life Insurance Bank.
A			Regeno Raiffeisen General Insurance Society.
A		India	The South India Co-operative Insurance Society, Ltd.
A			The Travancore Co-operative Insurance Society, Ltd.
A	1933	India	The Indore Co-operative Insurance Society, Ltd.
A	1934	Germany	German Farmers' General Service Insurance Society.
C			Social Welfare General Insurance Ltd.
C		Spain	Social Welfare (La Prévision Social).
C		U.S.A.	Co-operative Life Association.
A	1935	Bulgaria	The Agricultural and Co-operative Bank of Bulgaria (Insurance Sections).
C		Czechoslovakia	"Vorsorge" Co-operative Insurance Society.
C		U.S.A.	"Cuna" Co-operative Insurance Society.

ENGLAND

In the stir and excitement of marketing schemes, quotas and subsidies, it is sometimes forgotten that England has an agricultural co-operative movement larger than that of either Scotland or Ireland. In 1930 the Horace Plunkett Foundation published a Survey [1] in which was presented a full statistical statement of the position of agricultural co-operation in England in 1929. Since then no comparable figures have been available to the public, but an interval of five years, covering not only the sensational fall in prices known as the agricultural crisis, but also far-reaching State experiments aiming at the increase of agricultural prosperity, seems to call for a renewed assessment of the position. Therefore a table is offered, based on figures for 1934 made available by the courtesy of the Registrar of Industrial and Provident Societies and arranged as nearly as possible on the same plan as that published in the Survey of 1930. Certain alterations may be noted. The sub-division of requirement societies was made in 1929 on a basis of area served. For reasons of convenience, this has been altered to one of turnover, so that comparisons, though not without value, should be made with caution. Grain, potatoes and fodder purchased from members have for the first time been shown in a separate column. It has been thought clearer to separate the "services", unimportant as they are, from the marketing societies.

The first point that strikes the eye on looking at the table is that the number of societies has declined from 230 to 213. Actually, some 24 societies, nearly all of them small and moribund, have been wound up, while one large dairy and a bacon factory have transferred themselves to private companies. On the other hand, a number of new societies have been formed, some of them too recently to

[1] *Agricultural Co-operation in England.*

have any figures to show for 1934. Among these may be noted the group of Women's Institute Market Stalls, of which more will be said later, a number of egg societies, two dairies, one wool society and some societies connected with land settlement. The position, therefore, as regards the ebb and flow of registrations, may be looked on as healthy, and this impression is confirmed by the membership figures, which are 68,836 as against 67,526 in 1929, in spite of a smaller number of societies. The principal increase is in the egg-marketing group, but there have been gains elsewhere, notably in the membership of requirements societies, where the mortality of small societies has been heaviest. This shows that it is not the utility of the movement but the management of a limited number of societies which has been at fault. In certain groups, notably bacon and dairies, there has been a decline in membership due largely to the transfers mentioned above.

Total capital has also increased from £2,124,775 to £2,358,466, but more interesting, perhaps, is the change which has taken place in its composition. This, expressed in percentages, may be seen from the following table:

	Share Capital.	*Reserves and Accumulated Profits.*	*Loans.*	*Bank.*	*Total "Own" Capital.*
1929 . .	53	11	10	26	63
1934 . .	47	23	10	20	70

There has been an actual increase both in share capital and loans, but the striking fact is the absolute and relative increase in reserves and accumulated profits and the corresponding decrease in bank capital and loans. This, as the record of a period of heavily falling prices and much uncertainty, cannot be regarded as anything but satisfactory. The extent to which societies are running on their "own" capital (shares plus reserves and accumulated profits) averages 70 per cent. and varies with the groups from 60 per cent. to 90 per cent.

With turnover we come to a decline—a total of £9,377,377 in 1934 as against £9,800,230 in 1929—a decline which has

been proportionately somewhat heavier in the marketing than in the requirements group. These figures can, however, only profitably be studied in relation to the movement of prices. Between 1929 and 1934 there was a drop of 10 per cent. in the price of agricultural requirements, and 20 per cent. in the price of agricultural produce. If the agricultural societies had continued to handle the same volume of commodities in the later as in the earlier year, the turnover would have been little more than £8,000,000. There has consequently been not a decline but an increase in the volume of trade amounting to about 16 per cent. for all commodities, or 11 per cent. for requirements and 25 per cent. for produce. The only items for which there has been an increased trade, measured in value as well as in volume, are eggs and bacon, the former almost certainly owing to the stimulus of the National Mark and the latter owing to the Marketing Scheme. It is also probable that the sales of grain have been stimulated by the Wheat Subsidy.

Turning to separate groups of societies, certain comparisons may be made with observations made in 1929, always bearing in mind the fall in prices to which allusion has already been made. Taking the requirements societies first, we get a group of 16 large societies with a turnover ranging between £100,000 and £800,000, mainly in feeding stuffs, fertilisers, seeds and agricultural hardware and machinery. More than half the societies also deal on a fairly large scale in either grain, dairy produce, livestock or eggs. Average figures may be given:

Members.	*Turnover.*	*Share Capital.*	*Total. Capital.*
1,166	£278,101	£32,253	£71,764

to which may be added certain calculations:

Turnover per Member.	*Share Cap. per Member.*	*Total Cap. per Member.*	*Turnover per £ Share Cap.*	*Turnover per £ Total Cap.*
237	27	61	8	3·7

There appears to be a rise in the turnover per member and a distinct decline in the turnover per pound capital as

compared with 1929. The latter is undoubtedly connected with the fall in prices, the former may have many explanations, from the increase in the demand for feeding stuffs and fertilisers in order to expand dairy and pig production under the Marketing Schemes, to an extension of trade with non-members unwilling to take up shares until times have bettered. The proportion of share capital to total capital is 44 per cent. and "own" capital 63 per cent. Running costs amounted to 7 per cent. of turnover and about 10 weeks' credit was outstanding; neither of these figures was so good as in 1929. On the other hand, every society made a profit averaging 3 per cent. on turnover, which was not the case in the earlier year. Seven paid interest on shares, dividend on purchase and bonus to employees; six paid interest and dividend on purchase and the other three apparently placed their considerable earnings to reserve.

The next requirements group comprises 18 societies with a turnover between £50,000 and £100,000. Few of these societies took any part in marketing, except of grain, though one (not the most successful) ran a fair-sized dairy business. Average figures are as follow:

Members.	*Turnover.*	*Share Capital.*	*Total Capital.*
523	£71,718	£11,814	£21,041

Turnover per Member.	*Share Cap. per Member.*	*Total Cap. per Member.*	*Turnover per £ Share Cap.*	*Turnover per £ Total Cap.*
£137	£22	£40	£6	£3·4

Lower turnover per member than in the large societies probably means fewer non-members, and lower total capital, the absence of marketing. The proportion of share capital to total capital is 56 per cent., while "own" capital stands at 82 per cent. Running costs averaged 7½ per cent., slightly above the figure for the larger societies, but credit outstanding only averaged five weeks, which halved the larger societies' average and was an improvement on 1929. Every society made a profit, six paid interest on shares, dividend on purchases and bonus to employees; one paid interest and bonus only, seven interest and dividend and

STATISTICAL SUMMARY OF ENGLISH

	Societies.	Members.	Capital.			
			Share Capital.	Reserves.	Loans.	Bank.
Requirements :						
Turnover over £100,000 . .	16	18,762	516,062	217,248	114,380	300,537
Turnover £50,000–£100,000 . .	18	9,417	212,660	97,709	44,110	24,268
Turnover under £50,000 . .	65	11,693	108,852	74,797	26,871	45,024
	99	39,872	837,574	389,754	185,361	369,829
Marketing :						
Dairies . . .	35	4,230	112,154	71,439	34,108	20,848
Eggs	24	12,663	38,759	13,934	5,777	7,699
Meat and Live-stock . . .	7	1,267	17,723	19,976	1,500	1,786
Bacon . . .	2	2,250	57,689	24,305	3,376	45,830
Wool	7	4,465	18,534	478	5,651	6,872
Fruit and Vegetables . . .	19	2,838	21,385	8,346	5,665	1,694
	94	27,713	266,244	138,478	56,077	84,729
Services :						
Threshing . .	12	408	16,325	2,554	475	192
Women's Institute Market Stalls .	4	536	254	34	—	3
Carriers . . .	1	207	159	2,498	—	—
Credit . . .	3	100	1,582	3,172	3,172	—
Services, totals. .	20	1,251	18,320	8,258	3,647	195
Marketing, totals .	94	27,713	266,244	138,478	56,077	84,729
Requirements, totals	99	39,872	837,574	389,754	185,361	369,829
	213	68,836	1,122,138	536,490	245,085	454,753

AGRICULTURAL CO-OPERATIVE SOCIETIES

Turnover.							
	Marketing.						
Requirements.	*Dairy Produce.*	*Eggs.*	*Meat, Bacon, Livestock.*	*Wool.*	*Fruit and Vegetables.*	*Potatoes and Grain, etc.*	*Totals.*
3,678,338	66,080	152,269	286,626	801	—	265,504	4,449,620
1,205,888	25,198	6,911	1,240	6,093	25,973	19,621	1,290,924
830,356	7,258	3,227	2,921	—	1,113	10,266	865,141
5,714,582	98,536	162,407	290,787	6,894	27,086	295,391	6,605,685
25,480	777,476	5,418	7,873	—	120	—	860,129
8,278	940	524,249	512	—	50,456	—	584,435
45,344	270	58,483	333,996	—	466	—	438,559
—	—	—	566,947	—	—	—	566,947
234	—	—	—	95,053*	—	—	95,287
12,911	13,869	380	1,653	—	175,349	1,638	205,800
92,247	792,555	588,530	910,981	95,053	226,391	1,638	2,751,157
—	—	—	—	—	—	—	6,289
—	—	—	—	—	—	—	402
—	—	—	—	—	—	—	13,844
—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	20,535†
92,247	792,555	162,407	910,981	95,053	226,391	295,391	6,605,685
5,714,582	98,536	588,530	290,787	6,894	27,086	1,638	2,751,157
5,806,829	891,091	750,937	1,201,768	101,947	253,477	297,029	9,377,377

* Figure for one society unobtainable. † Fees or commission.

two interest only, while two had accumulated losses and applied profit to their reduction. The net profit was something over 3 per cent. on turnover.

The third group of 65 societies, with a turnover of less than £50,000, contains a number of excellent small societies, particularly in the £30,000—£50,000 class, but it also contains a good deal of dead wood, societies with losses and accumulated losses, with minute turnover and with no turnover at all. They include a number of "truck-load" or agency societies without business premises and a number of semi-urban societies, especially in the West Riding of Yorkshire. It is in this third group that the heaviest casualties have occurred in the last five years. Average figures (somewhat unfair to the larger and more thriving members of the group) are as follow:

Members.	*Turnover.*	*Share Capital.*	*Total Capital.*
179	£13,310	£1,674	£3,470

Turnover per Member.	*Share Cap. per Member.*	*Total Cap. per Member.*	*Turnover per £ Share Cap.*	*Turnover per £ Total Cap.*
£74	£9	£21	£8	£3·5

Share capital represents 44 per cent. and "own" capital 70 per cent. of the total, credit averages ten weeks; running costs are 8 per cent. Of the 65 societies 49 made a profit, and of these 12 paid interest on shares, dividend on purchases and bonus to employees; 11 paid interest and dividend; 1 interest and bonus; 10 interest only; 4 dividend only; 5 paid off all or part of accumulated losses, and the remainder placed their profit to reserve. Sixteen societies made a loss, and of these all but four had a turnover of less than £2,000. On the whole, the really small societies seem to have been declining since 1929. Net profits for the group amounted to 2 per cent. on turnover, but would be rather higher if the societies with losses were abstracted.

Of the marketing societies, dairies, which took first place in 1929, have been overtaken in turnover by the composite group dealing in livestock, meat and bacon. It may, however, be profitable to consider them first. They number

35 as against 36 in 1929, but several societies have been wound up while others have been newly formed. A fairly numerous group of small societies specialises in Stilton cheese, but also sells on the liquid milk market. A group of large societies sells liquid milk wholesale, usually after cooling and pasteurising, and only manufactures surplus, usually into cheese of the ordinary, non-luxury type. One or two societies retail milk, one makes butter and one or two exist solely to hold premises and plant in which cheese may be manufactured from surplus milk. This last group date from before the Milk Marketing Scheme and are now practically without utility.

With such variety of type, average figures are not particularly revealing, but may be given for what they are worth:

Members.	*Turnover.*	*Share Capital.*	*Total Capital.*
120	£24,575	£3,204	£6,844

Turnover per Member.	*Share Cap. per Member.*	*Total Cap. per Member.*	*Turnover per £ Share Cap.*	*Turnover per £ Total Cap.*
£203	£26	£56	7·6	3·6

The proportion of share capital to total capital was 47 per cent. and that of " own " capital 77 per cent. Running costs amounted to 10 per cent. Twenty-two societies made a profit, most of them either large wholesale or Stilton cheese societies; 6 paid interest on shares, dividend on purchases and bonus to employees; 1 interest and dividend only; 3 interest and bonus only; 6 interest only; 1 bonus only; 3 had accumulated losses and 3 made contributions to reserve. The 13 societies making losses included newcomers, inactive societies and, a more serious matter, several large and hitherto prosperous societies engaged in collecting, cooling, and pasteurising milk for wholesale transmission to industrial areas. These are evidently the victims of the Milk Marketing Scheme's inability to find a place for the farmers' co-operative organisation. Net profits amount to about 1 per cent. for the whole group.

Of the three bacon societies operating in 1929, one, the then relatively unprosperous Yorkshire factory, has been transferred to a private company. Of the two remaining,

St. Edmundsbury remains an orthodox farmers' society, while Herts. and Beds. is now under the joint management of suppliers and of the Co-operative Wholesale Society, which has subscribed a part of the capital. The turnover of these two societies in 1934 considerably exceeded that of the three in 1929, amounting to a total of £566,947. St. Edmundsbury remains somewhat the larger and also the more prosperous of the two, making a profit of 1 per cent. as against a loss for the smaller factory. Its running costs are also lower, being 8 per cent. as against 11 per cent. Averages are as follow:

Members.	*Turnover.*	*Share Capital.*	*Total Capital.*
1,125	£283,473	£28,844	£65,600

Turnover per Member.	*Share Cap. per Member.*	*Total Cap. per Member.*	*Turnover per £ Share Cap.*	*Turnover per £ Total Cap.*
£207	£21	£58	£10	£4·3

Share capital amounted to 44 per cent. and "own" capital to 62 per cent. of the total.

The livestock and meat societies consist of four auction marts, one of them dormant and in the nature of an insurance against possible difficulties in marketing, and three slaughterhouses. The auctions show the larger turnover, one having sales of over £200,000, including a considerable business in eggs and requirements. Averages are as follow:

Members.	*Turnover.*	*Share Capital.*	*Total Capital.*
181	£72,751	£2,531	£5,855

Turnover per Member.	*Share Cap. per Member.*	*Total Cap. per Member.*	*Turnover per £ Share Cap.*	*Turnover per £ Total Cap.*
£346	£14	£32	£24	£10

The most notable fact about the group is the low proportion of capital required, about 43 per cent. of which is provided by shares and no less than 91 per cent. by shares combined with reserves. The high turnover per member probably merely means a high proportion of non-members' business, especially in the auctions. Running costs were exceptionally low, only 3·8 per cent., again owing to the auction type

of business, and all societies except the dormant mart made a profit, averaging 1 per cent. on turnover. One, the largest, paid interest, dividend and bonus; one slaughterhouse paid interest only; one auction and two slaughterhouses had accumulated losses.

As already noted, the egg and poultry societies are the group in which the most striking progress may be recorded. Turnover has risen from £532,837 in 1929 to £750,937 in 1934. A number of new societies have been formed, though a few old ones have been wound up. The total now stands at 25, including one which has been omitted from the calculation of averages, since it was only formed in December, 1934:

Members.	*Turnover.*	*Share Capital.*	*Total Capital.*
527	£24,351	£1,614	£2,759

Turnover per Member.	*Share Cap. per Member.*	*Total Cap. per Member.*	*Turnover per £ Share Cap.*	*Turnover per £ Total Cap.*
£46	£3	£5	£15	£8·8

These figures suggest at once that egg societies deal more exclusively with members than other types. Of the total capital, 58 per cent. is provided by share capital, and 79 per cent. by shares plus reserves. Running costs are 9 per cent. Ten societies made a profit and 14 a loss. The latter group included those not yet fully established, as well as some small societies of older date and, more surprisingly, three out of the comparatively large National Mark Packing Stations. Two of these continued to pay interest on capital, and one also dividend on members' business. Of the profit-making societies, 4 paid interest, dividend and bonus; 1 interest and dividend; 1 interest and bonus; 3 interest only, and one had an accumulated loss. Net profits amounted to 2 per cent. of the turnover of the successful societies. If the average figures for membership, capital and turnover are compared with those for 1929, very marked progress will be observed, while the figures for capital per member and per pound turnover remain much the same.

Societies, the principal turnover of which is in fruit and

vegetables, number 19. Of these, three recently formed societies representing an interesting experiment in land settlement and market gardening on a profit-sharing system, the Fordson Estates in Essex. As these are on an entirely different basis to the ordinary farmers' marketing society, they have been excluded from average figures, but it may be noted that they have each a turnover varying between £1,600 and £6,300 and that they have made substantial profits, which have been distributed in interest on capital and bonus to employees. The remaining societies are engaged in selling members' produce. Most of them are small, but there is one auction mart on a large and another on a medium scale and three others doing a fairly substantial wholesale business. Several societies are principally seasonal, two were formed to deal with cider but have apparently never functioned, one sells canned fruit, and two are Women's Institute Market Stalls. Average figures are :

Members.	*Turnover.*	*Share Capital.*	*Total Capital.*
176	£12,070	£1,300	£1,922

Turnover per Member.	*Share Cap. per Member.*	*Total Cap. per Member.*	*Turnover per £ Share Cap.*	*Turnover per £ Total Cap.*
£68	£7	£11	£9	£6

Although old societies have been wound up and new ones formed the group as a whole has changed little since 1929. Share capital represents 65 per cent. and "own" capital 91 per cent. of the total. Running costs averaged 6 per cent. Four societies, all small, and 2 newly formed, made a loss, in each case trivial. The other 12 made a profit, but 5 had accumulated losses; one paid interest, dividend and bonus; 4 interest only. The net profit for the group amounted to rather under 1 per cent. on turnover.

Wool societies, which in 1929 seemed unusually promising, have suffered the most severe check, turnover having dropped in value to less than half. It must be remembered, however, that wool prices kept up longer than those of most commodities and were still relatively high in 1929, the heavy drop coming very quickly in the years that

followed. On the other hand, continued interest in co-operative wool marketing is shown by the formation of a new society (Devon and Somerset) which had not had time to build up any considerable business by the end of 1934. The oldest society (Kent) remains the largest, with the Central and Eastern societies following at a considerable interval. Average figures are as follow:

Members.	*Turnover.*	*Share Capital.*	*Total Capital.*
637	£15,469	£2,647	£4,507

Turnover per Member.	*Share Cap. per Member.*	*Total Cap. per Member.*	*Turnover per £ Share Cap.*	*Turnover per £ Total Cap.*
£24	£4·3	£6	£5·8	£3·4

Share capital represents 59 per cent. and "own" capital 60 per cent. of the total. Running costs are rather under 10 per cent. Four societies made a profit but only three paid interest on capital. Three made a loss and there was a small net loss for the whole group.

The societies classified as "services" fall into three groups. The old-established threshing societies number 12.

Members.	*Payments for Services.*	*Share Capital.*	*Total Capital.*
34	£524	£1,352	£1,621
Fees per Member.	*Share Cap. per Member.*		*Total Cap. per Member.*
£15	£40		£47

Share capital accounts for 85 per cent. and "own" capital 98 per cent. of the total. Running costs amount to 82 per cent. of the fees charged. Six societies made a profit and six a loss, but there was a net profit amounting to 7 per cent. of fees for the group. Seven societies paid interest on capital; one also bonus, and one bonus only.

Three credit societies linger on from the period of the 1921 Act, but are at present engaged only in collecting, or attempting to collect, outstanding loans, two of them based principally on State advances.

A newer and much more interesting group is formed by the Women's Institute Market Stalls. Two of these have

been mentioned under fruit and vegetable societies; three others are classified as "services", since they record commission only and not turnover. They are, however, all run on the same plan—the retail sale once or twice a week of mixed produce, from members of Women's Institutes and others, at stalls in country towns. The development is on a small scale, but it has proved of value, and new stalls are in course of registration. It has also at least a potential bearing on the problem of finding an outlet for the surplus produce of unemployed men's "subsistence" allotments. One or two miscellaneous societies exist, the largest and most interesting being a society of carriers.

In the autumn of 1935 the Horace Plunkett Foundation published, under the title *Co-operation and the New Agricultural Policy*, a survey of the agricultural marketing schemes coupled with the subsidies, quotas and other measures which have been applied to British agriculture in the last few years. The object was to give a concise history of legislation and administration followed by an attempt to assess results from the special point of view of co-operative theory and practice. Without attempting to recapitulate a lengthy argument, it may be said that the conclusion was reached, somewhat tentatively, that the marketing schemes were likely largely to take the place of any new co-operative marketing venture in the commodities affected, at least in the near future; that the schemes themselves had certain co-operative elements, notably voluntary adoption and the machinery of democratic control; that on the other hand, they had done little to improve the efficiency and economy of marketing; and that their success so far depended in no small degree on their ability to hold to ransom the taxpayer and the consumer.

Since the publication of this Survey, several further developments may be noted. Proposals for the establishment of a Bacon Development Board consisting of four representatives each from the Pig and Bacon Marketing Boards, with a chairman and two others nominated by the Ministry of Agriculture, were adopted by the repre-

sentatives of the two Boards and approved by Parliament at the end of July, 1935. The scheme came into operation in September, and set about its most important task of licensing factories. This was expected to be completed by the beginning of 1936, but no reduction in the number of factories which it may be found advisable to make in the interests of efficiency, can come into effect before 1938. New contracts were offered in October and were slightly more favourable to producers in the matter of grading. One or two other minor adjustments were also introduced and the system of group contracts was brought to an end. By the end of the year it became clear that there would be a contract deficiency of something like 750,000 pigs, in spite of the increase in the pig population and the fall in pork prices. The Board guaranteed up to 72 per cent. of the required supplies of all factories and proceeded with a scheme by which suppliers contracted with the Board itself at a 2s. premium; the Board allocated pigs so contracted to factories which had special difficulty in securing supplies. On December 30, 1935, curers who were still short of contracts were authorised to buy on the open market.

As noted in *Co-operation and the New Agricultural Policy*, it was decided, on a poll of producers held in July, 1935, to continue the Milk Marketing Scheme. The Board announced as its policy (1) the introduction of a "basic" production for each supplier based on past output, with a manufacturing price for any excess, and (2) the eventual establishment of a system of levy and subsidy, a device which also had the approval of the Minister of Agriculture, but which could not be applied until after the expiration of the Ottawa Agreements and the subsidy to manufacturing milk in 1936. When the occasion came to fix contracts for the year October, 1935, to September, 1936, the Milk Marketing Board found themselves for the first time free to determine prices and matters relating to prices merely "after consultation" with parties representative of purchasers. In other words, there was no longer an *obligation* on them to agree prices and terms with such parties or, failing agree-

ment, to refer the matter to the three persons appointed by the Minister. It is to be emphasised that the Board obtained this freedom simply by the automatic expiry of a temporary clause which had imposed the obligation, and that they now recovered the full powers in this respect conferred on them by the Agricultural Marketing Act of 1931, which does not specify, among matters referable to outside parties, questions of prices and contract terms.

The free " consultation " now established did not result in agreement, and the Board then exercised its power to *prescribe* prices, whereupon the purchasers' chief organisation advised the " trade " to decline contracts. This stimulated what was called a threatened strike among distributors, and there was some manifestation of measures to be taken by the Board to distribute milk itself. Eventually, however, the distributors were led to recognise that their proper course was to place their complaints in a formal and precise manner before the Committee of Investigation. This course was shortly taken and, at the present time, the Committee is sitting and taking evidence from three parties, namely, the Central Milk Distributive Committee, the Parliamentary Committee of the Co-operative Congress, and the Milk Marketing Board.

A large number of witnesses have already been called and a mass of accounting statements placed before the Committee. The substantial points of difference between the three parties are: (1) that the distributors wish the basic liquid price to be 14s. 5⅛d. per 12 gallons instead of 15s. 6d. as prescribed by the Board; (2) that the transit risk allowance shall remain at ½d. per gallon and not be reduced to ¼d. as also prescribed by the Board; (3) that there shall be a revision of certain items in the manufacturing schedule; (4) that the minimum retail prices in Manchester and Liverpool shall be the same as those in London; and (5) that the lowest specified minimum retail prices in the country shall not, as now, apply to municipal boroughs or urban district council areas of less than 10,000 inhabitants, but only to areas administered by rural district councils. The Co-operative Parliamentary Committee stand apart

from other distributors in declaring their readiness to agree to some reductions of distributive margin provided these reductions are passed on to the consuming public. Mr. Maggs, on behalf ot the Central Distributive Committee, emphatically declared their unwillingness to participate in this policy. A great deal of evidence has been given by distributors and manufacturors of milk derivatives with the object of showing that their business is either being carried on at a loss or on an insufficient profit margin. A striking feature of all this evidence has been the fact that in almost every case *ad hoc* accounts have been specially prepared to form the substantial evidence given as to expenses and returns, and that a serious difficulty has arisen because of the arbitrary manner in which allocations from a common expense account have had to be made as between dairy and non-dairy products. The co-operative societies have again differed from most of the other parties by their presentation of actual accounts of trading and their admission of having made substantial profits on their milk trade.

The Report of the Reorganisation Commission for Eggs and Poultry for Great Britain was issued in December, 1935. It assumed that Marketing Schemes, as proposed in the earlier reports for England and Scotland, would be adopted and recommended that a 6d. increase of duty should be charged on foreign eggs and a duty of 6d. per long hundred placed on Dominion eggs, together with a quota for the period of the spring glut. Of the proceeds of these tariffs, 25 per cent. should be allocated to the promotion of efficiency in the industry and the running of marketing schemes.

In connection with potatoes, the most interesting episode has been the publication by the Potato Marketing Board of a very full and careful analysis of the results of the Board's eight weeks' experiment in the distribution of cheap potatoes to the unemployed at Bishops Auckland. In spite of the fact that all potatoes had to be fetched from the depôt, consumption rose by 69 per cent., the unemployed (about one-third of the population) consuming more than the whole population had done previously.

This gave overwhelming and perhaps unexpected evidence of the elasticity of demand. Retail sales in the ordinary shops declined. Retailers were compensated by the Board to the extent of a fee of 1d. per stone for all potatoes sold from the Board's depôt, a rate which was subsequently considered to have been excessive.

In July, 1935, it was decided that the Sugar Beet Subsidy should be continued, but limited to 560,000 tons of white sugar a year (the produce of 370,000 acres, the area for which subsidy was payable during the year in question). It was anticipated that the subsidy would be £3·6 million in 1935 and £3 million in 1936. It was further decided to merge the existing factories in a National Sugar Beet Corporation and to set up an independent Sugar Commission. A temporary Sugar Tribunal was appointed in October, 1935. A Sugar Beet Marketing Scheme was put forward, but in view of the opposition among East Anglian growers (by far the most important section) it was decided to propose that it should only exercise minimum powers relating to the distribution of seed and the registration of contracts.

The bumper wheat harvest of 1934 meant that deficiency payments were only made on 72 per cent. of the crop. The cattle subsidy was extended, but it was understood that it would ultimately be replaced by a levy and subsidy scheme. A Bill for extending unemployment insurance to agricultural workers was put forward at the close of 1935 and seemed likely to secure an easy passage. Land Settlement is discussed in a separate article, but it may be noted here that the Carnegie United Kingdom Trust made a considerable grant extending over the years 1936–40 for the purpose of establishing small holdings and group holdings for the unemployed which, in view of the known precarious character of the very small holding, should be incorporated in "a carefully planned system of co-operation".

NEW LAND SETTLEMENT ENTERPRISE IN ENGLAND

BY
J. HENDERSON STEWART

DURING the last year, a new attempt has been made to effect closer settlement of the land in England. The late Prime Minister, Mr. Ramsay MacDonald, is known to have strong sympathies in this direction, and it was largely at his instigation that a committee was created, of men and women drawn from various public bodies, to make an experiment in the transfer of unemployed industrial workers to full-time occupation on the land. The committee called itself The Land Settlement Association, and has already established itself as one of the leading organisations for public service in the country.

The association has set itself the immediate task of settling some 1,000 families, mostly from areas in the north of England where unemployment is prevalent. Already twenty estates are in course of formation, each intended to provide livelihoods for about 40 smallholders. The organisation of these estates contains several features of special interest to co-operators.

Each settlement is regarded as a self-contained unit. The 40 holdings, which range in size from 5 to 10 acres, according to the nature of the land and the cultivation carried on, are grouped round a central farm in charge of a warden, whose duties include, as well as management of the farm, personal attention to each of the holders. The central farm is intended to provide seeds, young stock, manure, etc., for the benefit of the smallholders. The warden is, in each case, a carefully picked man, with experience in agriculture and the ability to train, assist and encourage the smallholders in their daily work. It is

a condition of tenancy of each settler that he accepts the advice of the warden.

Each tenant works independently, and after the first year, must maintain himself unaided from the proceeds of his holding. But co-operative marketing is an essential feature of the scheme. All buying and selling is carried on through a central department, the head office of the association making bulk purchases wherever possible, while local requirements are met by the wardens themselves. So that tenants may be under no misapprehension as to their liabilities, it will be laid down in the agreement signed by them on taking over the land that they " must employ the Association as sole agent for the sale of all produce of the holding " and must not " effect any sales except through the agency of the Association ".

A special part of the agreement (now being put in final draft) deals with marketing, wherein it is stated that—

" (i) The Association will act as agent for the sale of all produce of the holding in common with that of the other holdings on the settlement, and will make the necessary marketing arrangements.

" (ii) The Association may, as such agent, make a service charge on all sales as it may think fit, and the Tenant shall be charged in his account with any costs directly attributable to any sales effected or attempted on his behalf, and also with such proportion of the general costs and expenses incidental to the marketing arrangements made by the Association for the settlement as a whole as the Association shall consider fair and equitable, and the decision of the Association as to the charges to be made against the Tenant under this provision shall be conclusive.

" (iii) All produce marketed by the Association on behalf of the Tenant shall be at the risk of the Tenant in all respects and the Association shall be under no liability to the Tenant for any inadequacy in the price received or for any failure to effect a sale."

In the same way, the tenant is obliged to make all his purchases through the association, thereby obtaining the benefit of cheap rates.

It will be seen that the Land Settlement Association, profiting, no doubt, by the experience of past efforts, has recognised that only by making it compulsory can the full benefits of co-operation be obtained. It is too early yet to say how the experiment will turn out, but on the first estate created, which has now been in operation for some nine months, there is every sign that the smallholders are adapting themselves easily to the conditions laid down.

The experiment is of special interest from the social point of view. In the Special Areas, from which settlers are drawn, the changed industrial conditions are so severe that for many thousands of men there seems little likelihood of re-employment in their old trade of coal-mining. The question before English public men has been—what future is in store for these unemployed men ? Can they be drafted to any new trade ? The Land Settlement Association is trying to show that, given proper conditions, miners can, in fact, adapt themselves to an agricultural life, and if the present limited scheme turns out to be successful, it may well be the forerunner of a greatly extended land settlement movement in England. It is the considered view of the association that the time is ripe for such a development, more especially in view of the ever-increasing demand for the poultry, eggs, vegetables and fruit which smallholders are peculiarly fitted to produce, and upon which the tenants of the association are specialising.

IRELAND

BY
H. F. NORMAN

THE IRISH FREE STATE

THE problem to which Horace Plunkett devoted the greater part of his life and fortune was, as readers of other issues of the *Year Book* and other articles in this will realise, the problem of the small farmer, that is the cultivator who occupies a place between the yeoman farmer and the small-holder. In most parts of Ireland he is mainly dependent upon dairying for a living, and thus upon the rise and fall of the market price for dairy produce, which in the last analysis means milk, although so large a portion of it is consumed as butter. The relative prosperity or penury which may befall him is measurable, therefore, in gallonage and in fractions of a penny per gallon. That this problem and those aspects of farming associated with it, for whose solution Plunkett wrought so intrepidly and effectively, has as yet found in the co-operative movement he advocated with such strenuous force its final solution may be too large a claim to advance. It is true that the concentration of the public mind in Ireland upon other large issues, agrarian, nationalist, constitutional, each in its turn assuming an inescapable significance, and the superposition upon the delicate structure of our civil life of three wars, slowed down inevitably, in the decades 1914–34, the pace at which the co-operative movement had evolved between 1894, when the Irish Agricultural Organisation Society took over its fosterage, and the outbreak of the World War. But though perhaps the time has not yet arrived at which the service that Society has rendered to the small farmer can be adequately measured, it is a signal service.

Not only has the flux of events just adverted to intro-

duced a disturbing if scarcely ponderable element in any calculation which aims at elucidating the gains that accrue to dairying and "mixed" farming from the Society's salving work, but the ebb and flow of the industry itself, for instance, the reactions, upon export, production and price, of tariffs levied in Great Britain and of the bounties and subsidies paid by the State with the object of offsetting those handicaps, create a situation hardly less intricate for uninitiated students of our agricultural economy to study than are some of those brief brochures through whose perusal the elementary student of physics vainly hopes to obtain such expositions of relativity as may enable him to compare fruitfully the relationships of Newton and Einstein! Nevertheless, if the reader interests himself sufficiently in the modest progress effected within a single year in the small area covered by the Irish Free State to examine the gradually expanding influence of this living movement, devoted to the welfare of some scores of thousands of primary producers, a movement which has worked throughout its history persistently against heavy odds, he will find the data for such a study in the statistics of the I.A.O.S., which are being brought out as this article is being written. A completer assimilation of them than is here practicable must await the publication of the Society's Report, but the examination of some of the more salient features may enable him to recognise that this movement "still moves" and to find the important place of co-operation within the framework of Irish agriculture.

The first and outstanding fact is that during the last year (the reader will realise that this is being written in 1935) the total turnover of the co-operative agricultural movement was £7,192,324 as compared with £6,265,192 for 1933, the latter figure having been about 5 per cent. below that for 1932. The aggregate for 1934 was thus a marked advance on that of two years earlier and about one-seventh ahead of the previous year. Tracing this business to its component sources and leaving the movement's inter-trading out of account (*i.e.* the trade between the Irish Agricultural Wholesale Society and its own federated societies) and,

omitting further, the small borrowing business now done by the credit societies, there remains the (local) trading societies' business of £6,645,172 against a similar business of £5,766,567 for 1933, a business in which the largest single item is, as in previous years, made up of the sale of dairy produce and other business carried on by the creameries. This amounted to £5,138,276 as compared with £4,450,427 for the previous year, whilst that for 1932 was £4,527,800; so that both in the movement's business as a whole and in the dairying societies which are its principal feeders, the retrogression of 1933 has been made good and a further advance effected, through an increase measurable as from a seventh to a sixth of the business done in the preceding year.

These figures may be analysed further. The dairy societies are not confined exclusively to the making and marketing of butter—their staple product—or even other dairy produce. They also include a growing business in other farm produce and in seeds, fertilisers, farm equipment and machinery. To these, reference must be made presently. Taking the dairy produce alone first, there is a business of £4,175,100 and £3,676,054 in each of the two respective years, or an approximate increase of half a million sterling for 1934. But, as we have seen, these figures may include a little store business; all the balance sheets are not constructed on a uniform basis and the figures here given may be subject to slight revision.

We can perhaps check the growth of dairying *per se* best through considering comparative figures for the quantity of milk received by all the creameries and the total weight of butter manufactured by them. As regards the co-operatives, with which we are alone concerned here, the results arrived at give an approximate increase of one-seventh in the estimated milk supply, which corresponds roughly with the trading increase above referred to. The actual figures are 148,533,549 for 1934 and 130,888,536. The butter totals are given as 56,031,345 lbs. and 50,116,296 lbs. respectively. But in considering these necessarily approximate totals—for it is not possible to account exactly for every gallon of milk or pound of butter—it is well to realise that they

do not bear an exact relation to each other; not every gallon of milk is made into butter; there is some cheese and cream to consider; a little milk will be returned to suppliers or sold locally or be consumed in the towns. It is not practicable, therefore, to fix an assured and absolute average of the price obtained by the supplier for his milk, and it is necessary to handle the totals showing the average price per creamery with reserve. But an approximation is possible if these figures are pondered. Taking, then, the 233 creameries here being reviewed—there were but 6 in 239 that failed to furnish figures—it appears that the highest price paid for the year's milk worked out at an average of 4·95d. and the lowest at 3·26d.; whilst the highest price for butter was 14·2d. and the lowest 10·7d. Both higher and lower averages than these appeared in 1933 and higher again (but none lower) in 1932. The reader will of course realise a general tendency to a reduced price for butter on the world market in recent years, and though an exact replica of that is not to be sought in these figures, in which the varying influences of price fixing within the state and the bonus and subsidy policy dictated by tariff exigencies are operant, still world price is an element. The *Irish Trade Journal* has listed the price of Irish creamery butter for 1934 sold within the Irish Free State as 105s. 11d. (free on rail at creameries) and the I.A.O.S. figures would justify an approximate average price in advance of this, something over 11½d. Such an average figure, however, is far from giving an accurate index of the average return for his milk to the co-operative producer. It lies somewhere between a quite exceptional minimum of about 3¼d. and an also exceptional maximum of about 5d. An attempt to find the true average is complicated by considerations of the volume of milk handled by different creameries. Still, the actual average would have worked out much higher than the minimum, and we might perhaps put it conservatively at between 4¼d. and 4½d. It is worth comparing this figure, though conjectural, with the *Irish Trade Journal's* ascertained price for milk at all creameries as 4·1d.; on which it may be remarked that not all creameries are yet

co-operative and that "farmers' butter" appears in the *Journal's* list of agricultural prices for 1934 at 90s. 5d. as against 105s. 11d. for creamery butter or about 15 per cent. difference.

Thus, the co-operative milk supplier is almost always abreast of the average "creamery" and ahead of the "farmer's" price. A very interesting synopsis issued by a Co. Kilkenny creamery showing its own statistical history since 1917 might, with variations of detail, be taken as typical. Its first year's work (in 1917) was the manufacture of 175,516 gallons of milk into 74,422 lbs. of butter and its sales were £7,777. The next year they had risen to £10,708. Last year they were £32,368, the more striking considered as an expansion of business when prices are compared, butter selling in 1917 at 22·58d. and 1918 at 26·27d. and last year at 11·66d. The gallonage had risen to 1,566,793 gallons and the butter proportionally. There was a store business last year of £30,827, the first year's store business having been £867.

The price position is approximately the same as for 1933 and appears scarcely as good as for 1932, but as has been observed that, partly by reason of increased supply, the dairy societies have improved their position. They account for about four-fifths of the increase in trade shown for the movement as a whole, £687,849 out of £878,605 and their aggregate trade is about 77 per cent. of the movement's total trading. Progress, moreover, is indicated in other ways besides increased trading. The turnover of one society (in Co. Cork) exceeds £300,000, largely through its enterprise in establishing for itself an assured business in cheese making. There, between 1,500 and 2,000 farmers are putting a new face on their industry. Another society in the same county has worked up a business in excess of £100,000 through building up a store business approximately equal to its dairying. In Co. Limerick, again, a business exceeding £100,000 has been reached by the same method and by a large business in eggs, poultry, pigs, pork, hides and skins. A society in Co. Cavan adds a store business of £23,000 to a dairy business of £97,000. The relative

importance of these results will be realised when it is understood that the average business of all co-operative dairying societies in 1934 was £22,052, whilst that of Co. Tipperary, containing some of the best dairying land in Ireland and the largest number (49) of these societies, is below that figure. The Co. Cork average creamery trade, indeed, is doubled largely, if not entirely, because there the largest dairying societies have adopted the policy of so extending their borders as to offer the membership a service which aims at virtually covering their whole business. In a like spirit another society in Co. Limerick has recently started a bakery, and the "general purpose" type of society has worked in conjunction with dairying for years efficiently in many districts. For instance, a society in Co. Waterford with a dairy business of less than £8,000 had store sales of £94,000, and another in Leix, divides its trade of £35,000 between £10,000 for dairying and the balance for general business.

This "general" business is similar to that of the old type of "agricultural" society. Here again the figures indicate expansion, but of a modest kind. The total reached (£560,127) for 1934 by these usually small societies is about 12 per cent. higher than that for 1933. But when these figures are compared with those furnished by the non-creamery business of the dairying societies, two facts emerge. The store attached to the creamery is now a more important part of the movement's trade than the store having no other function to discharge than that of a requirements society. A business of £962,676 is now recorded for the non-dairying business of the dairy societies. The total of such business from both sources thus becomes a factor of growing importance in the movement as a whole. For here, it will be seen, is a business of over a million and a half sterling. Indeed, if all the non-dairying trading of the movement is brought under a common total, including the turnover of the Irish Agricultural Wholesale Society, a figure is reached of £3,068,237, as against £4,175,100 for dairy produce. Over half a million, indeed (£538,665) relates to the I.A.W.S., whose directors and management

are to be congratulated on steady progress achieved in the face of great difficulty and on an increased trade of about 10 per cent. But even if that last cited figure be omitted, since some of it will appear again in the returns of the local societies, there is left enough non-dairying business, business done by farmers for farmers throughout the whole movement, to counter an objection one used to hear raised some time ago, that the societies' trade, apart from dairy business, was comparatively unimportant. The reader will, it is hoped, see that, though separated here for purposes of analysis, neither branch of the farmers' business is unimportant. In many cases each branch is necessary to the success of the other if the total trade is to be brought up to a figure high enough to keep costs of overhead expenses down to the proportions dictated by the needs of modern business. It will have been realised that in working out the aggregate for the non-dairying business, other societies, grouped as miscellaneous for purposes of classification, have been brought into the account besides those of the " store " or " general purpose " type. These include four societies handling pigs and bacon or cattle and meat, one selling the farmers' poultry, turkeys and eggs, and one devoted to milling. The first four between them transact a business of £841,867. One of these has a turnover well above £300,000, two approximate to £200,000 each and the trade for the fourth is also over £100,000. The remaining miscellaneous societies not listed above have small turnover, most of them being agricultural show societies. The miscellaneous societies as a group did less than a million sterling in their working for 1934.

The scale on which they work may indeed appear relatively small as measured by " big business ", and this applies to most of the Irish societies, North and South, yet no one who knows the countryside around Dungloe, Co. Donegal, for instance, about whose " folk on the rocks " A.E. wrote with touching eloquence many years ago, will hesitate to regard the business of £70,000 done there last year as other than remarkable. There are not above a dozen societies in the movement whose turnover is more than

£100,000 or thereabouts, and it is by the steady business of comparatively small societies, adding cumulatively year by year to the meagre wealth in hundreds of localities through each of the twenty-six counties, that the work of the I.A.O.S. and the co-operatives affiliated to it must be assessed. Thus, for instance, there are between 70 and 80 creameries whose turnover is under (or in a few of them around) £20,000; but the individual milk supplier in a sparsely populated district supporting one of these smaller societies is not necessarily worse off or less benefited by the work of his society than is his compatriot in a large society, except in so far as the size of his holding or the type of farming suited to it may be responsible for the fewness of the cattle constituting his small herd. And although, as previous articles in the *Year Book* have shown, the position of the Irish dairy farmer is far from lucrative judged by the measurements applied in other businesses or in farming as understood in Britain or, indeed, elsewhere, still if he can obtain about 4½d. per gallon with his separated milk returned and is not losing money on the cattle themselves, he will probably cover costs of production and secure for his labour, skill and small capital the equivalent of an agricultural worker's wage plus about half as much again to cover the work of casual labour or, more probably, work done on the farm by another member of the family. This is on the assumption, approximately right as a statistical average, of three remunerated persons for each two farms worked. If that is well below the dreams of avarice and leaves a good deal to be desired, it is all the more certain that even this diminutive livelihood can be assured in most cases only because there is no intermediary to exact toll on the produce manufactured and marketed for him in the creamery. Co-operation is thus not merely important for him; it is a necessity.

Not much change has occurred in other branches of the movement. The work of the Turf Development Board is now proceeding under the ægis of the State, the stage of early fosterage by the I.A.O.S. having been efficiently discharged to the Minister's satisfaction. The credit societies

continue to repay the State loans or to function locally as hitherto, but no new development has taken place. Readers will have noticed that some of the work of the societies, and that often the most active and valuable, has been of a transitional character. It is still so. The "conversion" of the capitalistic or industrial side of dairying (as distinct from the producer's own work upon his farm) to a co-operatised economy is inevitably a slow process. It will be remembered that the State took a hand in it and that hand is still in play. Not all the private creameries were purchased by existing or new co-operative societies, and the Dairy Disposals Board still owns and works the "unconverted" creameries on behalf of the State. The ultimate future of these has still to be determined and, what is of no less importance, the long projected legislation needed to remove existing anomalies or to give the movement such uniformity in some points and elasticity in others as is desirable for the better regulation of old or the more rapid extension of new business, has still to be framed.

It is anticipated from a recent public utterance of the Minister for Agriculture, that this will be done in the near future, and until its substance is known, it would be premature to forecast the next phase of the movement. There is no doubt that the speed and extent in which agriculture can be more completely co-operatised must depend in no small measure upon the degree in which governments interest themselves in these problems. But there is also an element of no less importance; indeed, in the writer's view it is of a deeper ultimate significance, even if it may take longer to demonstrate its value, and that is the extent to which the farmer can himself be brought to realise that his future is in his own hands, not merely the one pair of hands handling the implements or the one pair of brain lobes that directs them, but the consolidated intelligence, combined purpose and co-operatised energy of the group, all canalised through a single association or society. For this, wise and zealous leadership is, above all other things, necessary. The need of this was, as I happen to know,

the problem with which Sir Horace Plunkett was the most deeply preoccupied during the last years of a life he himself devoted to the same purpose, and which he would have pursued to the end with the same single-mindedness that marked earlier his repeated sacrifices for the co-operative cause, if his circumstances, health and energies had permitted. Ever hoping that new and younger minds might discover in themselves such qualities of rural leadership as would, he believed, give to democracy both the vision and the stability needed for rooting it more firmly in the soil, he passed away still trusting that when other forces had worked themselves out, the public mind would return to a fuller reconsideration of these issues. There is still ground for this hope. Not the least cheering piece of intelligence which has reached workers in the co-operative field in Ireland during 1935, is of a growing interest not merely in the evolution of co-operative trade, but in the strengthening of co-operative faith, and not amongst people of one political or religious belief alone, but amongst men whose potentiality for leadership is based on faith in their patriotic universality.

Northern Ireland

The agricultural economy of the six counties forming the legislative unit of Northern Ireland is so similar to the remaining counties as almost to suggest identity. Yet, there is sufficient difference apart from any divergences which may spring from historical causes to produce certain minor but not unimportant distinctions. The Southern farmer was attracted to the co-operative dairying system earlier than his Northern neighbour, not only, or necessarily, because his psychological qualities are such as make convincement a more gradual process but because, important as dairying is as a factor in Ulster farming, it is rather less so there than in Munster, many parts of Leinster and certain areas in Connaught. Moreover, though once the principles of co-operation were accepted, Northern farmers applied them steadily, a gradual diminution in milk supply has tended to diminish the value of the creamery as an

element in farming prosperity. Side by side with the receding value of the milch cow, there has recently been an increasing attention paid to the prosperity value of the pig. These were dominant facts in last year's outlook, but the first of them has another and more ameliorating aspect. In his last address to the Annual General Meeting of the Ulster Agricultural Organisation Society, its President, Mr. Harold Barbour, was able to point to a narrow escape from the virtual extinction of the creamery system, by which, the reader will understand, is meant the manufacture and sale of creamery butter on co-operative lines, through which, as in the Irish Free State, the movement inaugurated by Sir Horace Plunkett forty years ago secures for farmers the full profits of their work and skill. This escape resulted from the enactment and operation of the Milk and Milk Products' Act, a measure for which the Society's General Meeting thanked the Government and which, incidentally, enabled the societies to obtain for their members an average price of something over 5d. per gallon. In considering this figure, it will be borne in mind, on the one hand, that the return of their milk by each creamery to its suppliers makes a very important addition to their net price, and that, on the other hand, in proportion to its area, this part of the raw material of farming distributes a much larger fraction of its total in the six counties into the urban milk supply (especially for the large population of Belfast) than is true for the less urbanised and much larger rural regions of the Irish Free State.

Nevertheless, the Northern farmer, though receiving fair remuneration, feels that he has two solid grounds of complaint. One is that the Ottawa agreements did not secure for him that supremacy in his own markets which he regards as necessary for an extension of the very limited prosperity possible in dairying at present. This view was voiced at the Ulster General Meeting in a formal resolution. The other ground of protest raises a fundamental principle. Licences for the erection of creameries in Co. Down and Co. Armagh have been granted to certain new proprietors by the Ministry of Agriculture but refused to existing

co-operative creameries in Armagh and on the borders of Down which claimed—and apparently the claim has not been disputed—to offer a superior creamery service to that projected by the non-co-operative capitalists. This has all the appearance of an inversion of that policy of helping the dairy farmer to help himself which seems implicit in other phases of ministrial administration. It introduces an element which to detached observers is not only ambiguous but inexplicable.

In spite of these difficulties, the Northern creamery movement continues in health. Although the cow population has diminished, there is an increase for 1934 of about one-third in the milk supplies because, as is true of Ireland as a whole, there is a reduction in home butter making, an equivalent increase in creamery butter and a corresponding advance in price, and also because motor transport increases the area from which a creamery can now draw its supplies. The equalisation payments under the Milk and Milk Products Act have led to more uniform methods of book-keeping which should lead in turn to more efficient and economical work in the creamery. It, however, takes time to effect such reforms, and as the Act was virtually not in force in the first half of 1934, the menacing effects from which it has begun to save the industry had brought about a reduced turnover, approximately £753,000 for the year. The work of the joint committee for grading and price-fixing continues. Two other central dairy organisations may be noted—the Dairy Supply Association, owned by the creameries and managed by the U.A.O.S., which acts as a wholesale agency for coal, salt, parchment and box wood, and the Ulster Associated Creameries, which is the Belfast agency of several Northern creameries, with a retail shop and a large wholesale cream trade. The turnover of the agricultural societies was £212,000, bringing the total trading from these two sources up to slightly under a million sterling.

No ambiguity of aim such as that adverted to in connection with new proprietorism characterises the work done in collaboration by the U.A.O.S., its farmers' associations

(of which there are 23 acting as live pig agencies) and the Pigs Marketing Board, of which Mr. Harold Barbour remains Chairman, besides being President of the U.A.O.S. There was a trade done by these co-operative associations amounting to £40,000 in 1934 and 11,295 pigs passed through their hands as agents. It is the Board's claim that it has put a quarter of a million into the farmers' pockets at a cost of £55,000. It might well be the claim of the U.A.O.S. and its societies that it is through their intervention that all of this money which passed through co-operative intermediaries—that is to say through an agency of the farmers, by the farmers, for the farmers—found its way into the right hands, instead of first paying out a percentage at the toll-gate of proprietary agencies—extracting profits and giving the farmer what was left. We would be glad to see this point made clearer for public enlightenment. If the Board's monthly news sheet does not bring home this fact perhaps some other agency will do so? There is, of course, the U.A.O.S.'s own report to be awaited. From the information available as this article goes to press, it will chronicle a steady advance in the Society's efforts to bring farming in Northern Ireland under the spontaneous and ordered control of farmers themselves.

AGRICULTURE AND THE STATE: IRELAND

BY

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THE trend towards State organisation of agriculture in many countries is driving co-operators to reconsider their movement and its ideals in the light of developments which are at the moment dynamic and which occupy much of the field usually claimed for co-operation. Such a reconsideration was attempted in the case of Great Britain in a book published by the Horace Plunkett Foundation in 1935.[1] In Ireland, parallel developments of no less interest are in progress.

IRISH FREE STATE

When Mr. de Valera was returned to power with a Republican majority in 1932 it was understood that he aimed at a policy of national self-sufficiency and in particular at establishing as large a population on the land as possible, preferably in the condition of small proprietors. Ireland was at that time an exporter of agricultural produce to a value of roughly £28,000,000, the principal items being livestock (£18,000,000) and dairy produce (£9,000,000). Total exports, including the considerable item of drink, amounted to £36,000,000. Retained imports amounted to just under £50,000,000, of which wheat and flour (£7,000,000) were the largest single item, followed by clothing and textiles. Tariffs were in operation for a number of articles. In the first years of the de Valera administration much higher tariffs were applied piecemeal and manufacturing industries on a small scale set going behind their shelter. This process was not altogether new, since several home industries,

[1] *Co-operation and the New Agricultural Policy*, P. S. King & Son.

notably sugar beet, had been initiated under the previous administration. At this time, Irish exports enjoyed free entry into Great Britain.

The dairy industry was already to a considerable extent organised. With trifling exceptions all creameries were either co-operative or the property of the State-organised Dairy Disposals Company,[1] and under the Dairy Produce Act of 1928 export was practically confined to creamery butter reaching certain standards.[2] Exported eggs also passed through a weight and quality control and were to a fairly large extent handled by co-operative creameries. No permanent centralised export of either eggs or butter had been achieved, though there had been more than one attempt to market butter through a national agency.

In 1932 the economic and especially the agricultural policy of the Irish Free State was affected by two, in some ways irrelevant, developments. In the first place, the Irish Government disputed the validity of the payment to the British Government of the annuities due from the purchasers of agricultural land under the various Land Acts. Proposals for arbitration failed, and the Irish Government decided to retain the annuities, together with certain other sums connected with pensions and local loans. The British Government replied by collecting the value of the annuities in the form of a duty on Irish agricultural exports to Great Britain. The Ottawa Conference occurred in the early days of the dispute, but the Irish Government made no apparent move to secure any special treatment for its exports and in fact pays the special "penal" duty on top of any normal duty where it exists.

Ireland thus found herself confronted with a high tariff which barred her most important exports (with the exception of liquor) from what had been practically their sole market. Various measures were taken. A bounty equalling the duty was paid out of the retained annuities and pensions on exports of livestock, meat, dairy produce, eggs, potatoes

[1] *See Agricultural Co-operation in Ireland*, Horace Plunkett Foundation, 1931.

[2] There was a certain export of tinned factory and farm butter.

and grass seed. Cold storing of butter, which was already being promoted by loans and otherwise under the previous administration, was carried further. The absence of milk in winter, owing to the system of grass dairying, had always meant seasonal fluctuations in export and considerable winter imports. Now, both imports and exports were reduced, though exports in summer continued to be large. In the case of livestock, the problem was especially difficult, British imports were at one time reduced by half, supply was in excess of demand, and even with a countervailing bounty prices were impossibly low. This was met to some extent by offering a bounty of 5s. on calf-skins intended for export, thus deliberately precipitating a widespread slaughter of calves. Meat was also purchased and distributed at low rates to the unemployed and a canning factory was under discussion. Later the position was eased by the agreement early in 1935, which permitted a one-third increase in cattle exports against increased imports of British coal.[1]

All these measures were of a negative or perhaps of a corrective character, but before considering the more positive agricultural developments which appear to have been at least stimulated by external economic difficulties, it is necessary to consider another set of events, which had repercussions on Irish agriculture.

The first Agricultural Marketing Act became law in Great Britain in 1931, but it was not until the passing of the Act of 1933 that many active steps were taken to carry it out. The second Act, as is well known, not only made it possible for English and Scottish farmers to form compulsory marketing boards to control any commodity, but gave the Board of Trade power to regulate the import of any commodity which was the subject of an actual scheme or a scheme under discussion. The result of this, as far as Ireland was concerned, was the imposition of quotas on livestock, bacon, potatoes and eggs, the last-named being a " gentleman's agreement."

After this preliminary survey, it is possible to turn to

[1] Early in 1936 the agreement was renewed and extended. Duties on Irish agricultural and British industrial exports (also sugar) were lowered and Irish export bounties withdrawn.

different aspects of agricultural production and see precisely what the changes in State policy have meant to them.

Ireland produces milk for local consumption, a small quantity of cheese, also locally consumed (cheese is not a usual article of diet) and a considerable output of butter, chiefly in the summer months. The seasonality of the Irish butter output has always been an important consideration in all marketing questions. Butter is produced to some extent on the farm, either for local consumption or for reworking and sale as factory or tinned butter, but the most important output is creamery butter which, since 1928, has been subject to inspection and is not allowed to leave the country under a certain standard. This butter is produced by co-operative creameries, which probably handle about 70 per cent., a few proprietory creameries and the Dairy Disposals Company.

Before discussing more recent developments, it may be well to note the stage which has been reached by this already eight-year-old experiment in State agricultural business. The Dairy Disposals Company was formed in 1927 and financed out of taxation. It was authorised to purchase (by voluntary agreement) creameries and condenseries which engaged in wasteful competition, were geographically ill-placed, incompetently run or otherwise "redundant". Those bought up were usually proprietory, though a fair number of unsuccessful co-operative creameries were included. Some creameries were closed down, others were sold to existing co-operative societies, others were formed into new units. It was intended that these should be handed over to co-operative societies formed by the suppliers, the purchase being spread over eight years and the price being made up out of so-called "debt-shares" deducted month by month from payments for milk delivered. A number of creameries were handed over in 1928 and 1929 to existing societies or to groups of suppliers in this way, and payment for them has now been practically completed. With the beginning of the slump, farmers became less willing to assume fresh responsibilities or to see the very small payments received for milk still further

reduced. Opinions differ as to how far the Company itself desired to be rid of its responsibilities or, alternatively, to make itself relatively permanent. Whatever the cause the Dairy Disposals Company still (1936) retains some 14 creamery groups. Of these, 3 are attached to a condensery, which should in theory be a federally owned institution, but for which the creameries are most unlikely to assume responsibility while the restrictions on the English market continue to make production unprofitable. Of the remaining creameries, about half are stated to be in good working order and ready to hand over to the suppliers as soon as they agree to take charge. The remainder are still in process of reorganisation. Creameries are offered at "replacement" value, wear and tear being offset against goodwill and established organisation. In the more recent creamery groups there has been a tendency to replace the "auxiliary" creamery, engaged in separating milk and forwarding cream to a central, by a "travelling auxiliary" or separating plant mounted on a lorry, which can handle up to four collection points in the day. Full churns are delivered by farmers to a platform by the roadside; the whole process of weighing, separating and testing is carried out and the separated milk is returned to the churns for use on the farms. The cost of such a unit is considerably below that of a stationary auxiliary. The new creamery units have on the whole successfully adjusted their relations with existing co-operative societies, though there have been local disputes and milk has been withheld by suppliers objecting, usually on some local or personal grounds, to the new organisation. The Dairy Disposals Company has worked out a procedure by which a supplier may, for sufficient reason, change the creamery to which he delivers. The Dairy Disposals Company has not attempted to centralise the butter marketing from its creameries, but has preferred to allow each to build up its own connections. The only exception is that the Company has a virtual monopoly of the non-British export trade in creamery butter.

To the control of quality and the partial nationalisation of butter production have recently been added other measures

of State control. Up to 1932 the development of both co-operative and other creameries was proceeding normally, and there was a prospect that ultimately, and especially with any return of prosperity, the whole creamery system of the Irish Free State would become co-operative, at least in its first stage, with State regulation of quality acting as a useful stiffener to the less capable or exacting manager. Attempts at co-operative organisation in the second stage had notably failed. The Irish Co-operative Agency Society, after nearly thirty years of partial success in the marketing of Irish creamery butter in Great Britain, closed its career in 1932. Its more ambitious rival, the Irish Associated Creameries, had a shorter run (1927–31) and broke down over the unwillingness of individual creameries to surrender their claims to market their own produce.

As a result of the annuities dispute already mentioned, the English Government in 1932 imposed a duty on dairy produce imported from the Irish Free State. Meanwhile, prices were steadily falling. In 1932 the first Dairy Produce (Price Stabilisation) Act was passed. It fixed a wholesale price for internal sales of creamery butter above that of the world market,[1] and imposed a levy, the proceeds of which were used to pay a bounty on exports, thus establishing a roughly uniform price. During the three years for which the Act was in operation, levies were collected amounting to £2,269,282, and a sum of £2,382,000 was received by the creamery industry in bounty and enhanced home prices. It is claimed that these prices were maintained at 119s., 107s. and 103s. per cwt. during the three years under review, as compared with 101s., 81s. and 73s. 6d. on the world market. At the same time the cold storing of butter for winter use was increased and cheese imports of 24,000 cwts. were reduced to 655 cwts., accompanied by exports of 2,900.

In June, 1935, a fresh Act was passed providing for a continuation of the levy-bounty system but including for the first time non-creamery butter. The Act provides for the registration of persons engaged in the sale of non-creamery butter and prohibits sales without a licence. It

[1] Retail price (1935), 1s. 5d. per lb.

provides further for a monthly levy on all home sales. The amount was fixed provisionally at 39s. per cwt. but the Minister has power to vary the amount from time to time and also to provide for a differentiation according to class. Imports of dairy produce are prohibited except under licence and a levy is imposed. Exports of dairy produce may also be limited or prohibited, but for the present, export is encouraged by an export bounty varying according to class. Levies and bounties are made to and from a Dairy Produce Stabilisation Fund, which may be subsidised from public money. A minimum wholesale net price of butter on the home market is fixed. There is no regulation of the price for liquid milk, which is retailed at various prices, from 2s. to 2s. 8d. per gallon. Enabling acts are in existence which would make possible the establishment of standards of purity and quality with corresponding prices, but no action has yet been taken.

From the co-operative point of view, special interest attaches to a short provision in the 1935 Act which lays down that a special bounty rate may be payable on butter exported through an approved central marketing organisation. It is recognised that Irish creamery co-operation, highly successful in the primary stage, has never achieved lasting success in the secondary stage. As the Minister for Agriculture said in a recent broadcast: "At present the greater part of our butter is sold in such a way that the importer does not know from day to day how much he is likely to be offered and, of course, cannot, in such circumstances, make proper arrangements for its disposal. If there is a prospect of a rise, the butter is held off the market and merchants are left short, with the result that when butter is on offer again, they will only buy just as it may suit their convenience, and if they can secure a good bargain. Moreover, butter offered and purchased by one merchant at a price may be obtained by competitors in the same town a few hours afterwards at 2s. less. In such circumstances, importers cannot be expected to take an interest in our butter, and that is probably the main reason why the price is not better."

The Minister went on to observe that action had already been taken as contemplated in the Act, and that "to remedy this state of affairs, a Provisional Marketing Committee was recently appointed to link up particular sellers here with particular buyers on the other side, each party entering into a mutual arrangement to supply and to take regularly, whatever the state of the market quantities specified beforehand." The Butter Marketing Committee consists of persons nominated by the Minister. Any exporter of creamery butter who wishes to become an "approved exporter" must submit to the committee a list of the importers to the United Kingdom with whom he proposes to deal during the forthcoming year, together with approximate weekly amounts to be sold to each. Butter exported under these conditions becomes "approved butter" and is deemed to be exported for and on behalf of the committee. It also qualifies for an additional bonus of 3s. per cwt. Approved exporters furnish the committee with particulars of butter exported, price, duty, freight charges, commission and discounts as well as stocks held and all documents relating to the transaction are available for inspection by the committee. The committee is thus able to check undercutting and in an advisory capacity to promote orderly marketing and avoid local gluts. These arrangements have so far worked well and will probably remain undisturbed for the present, but the possibility of a more closely centralised export at some future date is not excluded.

An Act for the control and regulation of the production and marketing of bacon was passed in 1935 and bears a stronger resemblance to the agricultural marketing legislation of Great Britain than does the dairy regulation already described. It provides for the registration and inspection of the pork and bacon trades and the licensing of bacon factories and, further, for the formation of Bacon Marketing and Pigs Marketing Boards. The Bacon Board is elected by the 30 factories engaged in the trade, of which 5, with about 16 per cent. of the output, are co-operative. There is one co-operative representative on the Board. The Chairman, however, is appointed by the Minister of Agri-

culture, and since he has a deciding voice in all questions where agreement is not unanimous, the elected members of the Board really only act in a consultative capacity. The duty of the Board is to fix a production quota (largely determined by the English import quota) for a given period and to allot that quota among licensed premises with penalties for over or under-production. The Board may also make compulsory purchases of bacon at a price fixed by itself and may produce bacon, but these powers have not so far been exercised.

The Pig Board has greater democratic power, though it is not of a wholly representative character. The Bacon Board elects three members to represent the curers, but the three pig-growers representatives are nominated by the Minister, who also appoints a neutral chairman. In this case, decisions are by majority vote, the chairman only having a casting vote in cases of an equal division of votes. The Pigs Board has power to make orders fixing prices for various classes and grades of pigs, both for pork and bacon, for stated periods. It may make allowances for freight, insurances, etc., and may equalise prices by subsidies to or levies from curers. It may itself deal in pigs. The first price was fixed for a period of two months in the autumn of 1935, but it is hoped to determine the price normally twice a year. No attempt is being made to establish sales on contract. It is stated that quality is on the whole satisfactory, and that the compulsory barley-oats ration, established mainly in order to encourage home production of feeding stuffs, has contributed to this result. There is usually a short rush in the autumn, but otherwise production is fairly regular, and the oscillation between pork and bacon, which causes serious price difficulties in Great Britain, does not apparently occur on a scale to cause trouble. The principal problems have so far been in connection with export. The Irish Free State has a lump quota for bacon, pork and pigs and aims at filling it so far as possible with bacon, since the value of the article is higher and more employment is involved. Bacon quotas have been allotted among factories in proportion to the

1934 sales, and a certain increase in bacon exports has been achieved.

The production of sugar in the Irish Free State is a development of the last ten years and one of remarkable rapidity. In 1925 the Sugar Subsidy Act was passed which empowered the Government to subsidise manufacturers of sugar from home-grown beet. A factory was built at Carlow and it was agreed that subsidy would be paid on unlimited output in the first three years, and on a limited quantity in each subsequent year, not exceeding a total output of 125,000 tons in ten years. For 1926–29 assistance was 24s. 6d. per cwt., for 1929–34, 22s. 6d. and for 1934–36, 22s. The Sugar Manufacture Act of 1933 provided for the establishment of a new Company with a share capital of 2,000,000 £1 shares, to acquire the existing factory and erect others. This Act empowered the Government to subscribe for 500,000 shares and to guarantee principal and interest in respect of debentures which might be issued up to the value of the paid up share capital. The Government took up 500,000 £1 ordinary shares and public issues of 500,000 £1 6 per cent. cumulative preference shares and £1,000,000 of 4 per cent. guaranteed debenture stock have been made and fully subscribed.

Since the reconstruction of the company, three new factories have been opened at Thurles, Mallow and Tuam, and have been in operation for two seasons. Production now amounts to about 85 per cent. of the total consumption of the Irish Free State and, in view of fluctuations in output per acre, it is doubtful if it will be thought wise to increase it much further. The subsidy has been dropped, as with the increase in output from 20 per cent. to over 80 per cent. of consumption, the burden proved too heavy for the exchequer. It has been shifted on to the consumer by means of a customs duty of 21s. per cwt. and an excise duty of 4s. 8d. per cwt., i.e. a net protective duty of 16s. 4d. per cwt. This has resulted in a wholesale delivered price of 30s. 1½d. per cwt. All beet is bought on contract and is produced from seed issued to the grower by the company. The average area under cultivation is not more

than 2 acres per grower. The yield per acre and the sugar content compare well with those recorded in Great Britain. A flat rate of 37s. 6d. per ton is paid for roots and dried pulp is returned free to growers, who also receive certain advances on growing crops.

The extension of the industry, though effected by a public company, has thus been made in furtherance of government policy and with government assistance. The only movement of a "co-operative" character is the Beet Growers' Association formed to deal with the first (Carlow) factory, to check deliveries and to act as a bargaining association. It is maintained by a levy of 3d. per ton. It carries on a further minor service in the sale of pulp for members who cannot use it or find it too costly to transport.

Apart from butter, bacon and sugar beet, the production and marketing of agricultural produce has not been subject to any form of organisation. In the matter of State encouragement, wheat has had a history somewhat similar to that of beet, in that for some years it received a bounty intended to make up the price to a fixed level. This bounty has now been discontinued and the millers have been left to recover the price from the consumer with the help of import licences strict enough to produce competition among mills. The all-important livestock trade, though it exists in a state of artificial equilibrium maintained by the counterpoise of duty and bounty and by the recent coal-cattle bargain with Great Britain, is in no sense organised. Eggs and poultry for export are controlled by quality regulations and subject to duty, quota and bounty. To a fairly large extent they are handled by co-operative creameries, but the increased regimentation of the market has not produced any new development of co-operative or State marketing technique. The rudiments of State organisation have, it is true, been introduced into the potato industry. An area in County Louth, largely devoted to potato growing, has suffered from attacks of black scab and the ensuing restrictions on sale. In order to meet the situation, the government has established, experimentally, an alcohol distillery on the German estate model. The development is recent, and no immediate extension of the scheme seems probable.

Another development, rural rather than agricultural, shows a blend of State and co-operative method. The extensive turf bogs of Ireland have been used locally for fuel, and the winning of the turf has produced a subsidiary and seasonal occupation for small farmers and others. From time to time proposals have been made by government commissions and individuals for a more intensive and considered exploitation of the bogs. In 1933 the Turf Development Board Ltd. was set up and financed by the State with the object of promoting the sale of turf and experimenting in its manufacture or use for industrial purposes. In the first place, a number of co-operative societies were set up among men living near suitable bogs and ready to engage in turf-cutting. These societies were organised by the Irish Agricultural Organisation Society and registered under the Industrial and Provident Societies Act. They are self-governing, but subject to government inspection. The rules lay down that the objects of the society shall be to deal in turf wholesale and retail. Shares are of 1s. each, not withdrawable. Any profits are distributed in proportion to the value of turf delivered by each member. Turf is cut by the members individually and stacked for drying on the bog in the usual way. It is there graded by inspectors appointed by the Board and only "standard" turf with a moisture content not exceeding 25 per cent. is qualified for sale. The Board undertakes all advertising of the product, collects orders and transmits them to the secretaries of societies. Any failure to supply turf of the required grade can be traced to the individual member responsible and an endeavour is made to check default by using the public opinion of the society. A standard price is established for the standard grade and the Board handles all payments. It has also done a good deal of preliminary work in cutting roads in order to make fresh bogs accessible and is experimenting in the manufacture of briquettes and considering, though probably not with a view to immediate action, the possibility of establishing a power-house burning turf, in order to provide an outlet for those bogs which lie too far from the railway to make the usual sales profit-

able. It may be noted that the transport difficulty has in some cases been increased by the closing of branch lines following on the establishment of a railway monopoly and the resultant rationalisation. Co-operative turf societies in 1935 numbered 162, with 12,360 members.

A State enterprise of earlier date and on a larger scale is the Electricity Supply Board, with its first achievement, the " Shannon Scheme ". This has had an important effect on rural life since many villages as well as towns are electrically lit, but apart from the use of Shannon power by a certain number of co-operative creameries, it has had little relation to agricultural economic development.

One other form of State enterprise in agriculture remains to be mentioned. The Agricultural Credit Corporation was established in 1927 as a result of the Banking Commission which reported in the previous year. It took the form of a limited company with a capital of £500,000. Of this, £450,000 was subscribed by the Government, which also guaranteed the remaining capital and interest. The Corporation was authorised to issue debentures and borrow on certificates of charge issued to those obtaining loans. The object of the Corporation was to lend money on security, discount and purchase bills of exchange, etc., and receive deposits. Loans might be made to farmers or to farmers' co-operative societies, excluding those dealing in domestic goods. The main purpose of the Corporation was to make long and medium term loans on mortgage and for substantial amounts, but it was also hoped to form co-operative credit societies and through their agency to make small short term loans, while acting as a clearing house for co-operative deposits.

In fact, the co-operative program of the Corporation was never realised. No new societies were established, nor did the relatively small number of existing credit societies ally themselves with the Corporation. Six creameries offered to become agents for the Corporation, but they were all new societies, usually not in traditional dairying districts, and anxious rapidly to increase their milk supply by loans for the purchase of heifers. Several of these failed and

the Corporation was left with bad debts. On the other hand, the special "heifer loans" at 4 per cent., of which the Government paid 2 per cent. with a view to increasing milk output, although administered by the Corporation were in some degree in competition with its ordinary business. Advance payments to beet and possibly wheat growers have probably further reduced the demand for credit.

The Corporation has thus been limited in the main to a business in individual loans nearly all secured by a first mortgage on land. The few chattel mortgages have been found in practice to be chiefly valuable as a warning to other creditors with whom the borrower might unwisely involve himself. The Corporation has at present about £1,000,000 in outstanding loans. Recoveries have been about 75 per cent. The standard of honesty and willingness to repay is satisfactory, but a period of low prices has meant that the Corporation has in some cases deferred the repayment of principal and contented itself with the interest. Loans are from one to twenty-five years. The shortest loans are usually for seeds, while longer terms cover permanent improvements and the repayment of previous bank debts. The interest on loans is 6 per cent., which is high by current standards and prevents the extension of business. It cannot be lowered while the Corporation is obliged to pay 5 per cent. on its own bonds, even though no interest is paid on the ordinary shares held by the Government. Running costs are also high (2 per cent.) owing to the comparatively small volume of the business carried on. A conversion scheme is undoubtedly the best solution, but might not be easy to put through, at least until some time after the conversion of the Free State National Loan in December, 1935.

A sketch such as has been attempted of the new agricultural orientation in Ireland raises a number of questions. How far has it been forced upon the country by events in England? If it is deliberate, at what exactly does it aim and how far will it be carried? What have been its results up to the present and can they be claimed as constituting a success?

The strongest single idea underlying national policy appears to be the creation of a large population existing in a middle state between wealth and poverty and organised as far as possible in small economic units if not in family undertakings. This, rather than national self-sufficiency for its own sake, would appear to be the aim. But it would be a mistake to suppose that recent changes in the Irish economic structure have been dictated by pure theory applied at leisure and in accordance with a thought-out plan. The Irish Government may have contrived to get itself driven along a path it was not unwilling to take, but it has been driven, and many of the adjustments have been made in haste, by improvised methods and with little co-ordination. Even increased population, it must be remembered, is occurring, whether or not it is desired by Government, as a result of the closing of overseas countries to emigration.

Of results it is perhaps too early to speak. Some indeed are sufficiently striking. As already noted, the Irish Free State exported in 1931 livestock to the value of £18,000,000 and other foodstuffs to the value of £10,000,000. In 1934 these items had sunk to £6,000,000 apiece, a decline of 57 per cent. On total exports the decline was 50 per cent. (from £36,276,118 to £18,253,692). In the meantime, total imports had fallen by 22 per cent. (£49,666,102 to £38,770,715), cereals imports by 34 per cent., foodstuffs of animal origin by 85 per cent. and other articles of food by 35 per cent. These are remarkable changes which undoubtedly show that Ireland is becoming more self-supporting as a food producer. Beside these figures and reinforcing them may be placed those relating to cereal production. The acreage under wheat increased from 25,000 acres in 1931 to 200,000 in 1935, and the latter figure was said to represent 20 per cent. of the national requirements. Beet cultivation increased from 15,000 acres in 1923 to 46,000 in 1934 and 80,000 in 1935, the latter representing 85 per cent. of the national requirements. At the same time it seems probable that some of this increased acreage may have been at the expense of established tillage crops like

oats, barley and potatoes. During this period a decline, though a comparatively small decline, appears to have been taking place in the animal population, with the exception of pigs, which rose in numbers. The increased self-sufficiency in animal foodstuffs may therefore be taken to have been at the expense of exports rather than representing increased production.

The first doubt that suggests itself is whether such rapid changes and especially so heavy a shift in the balance of trade, have not been made at the expense of the general standard of living. Admittedly, the Irish Government does not profess to be interested in a high standard of living; undoubtedly individual cases of hardship, for instance among large farmers depending on the export of livestock, could be brought to light. But in the Free State as a whole, the atmosphere is not one of depression or despondency. The increased imports of tobacco alone do not suggest destitution. Rather there is a sort of February sunshine of prosperity and a general stir of progress in a small way.

After failing to observe a general tightening of belts, the economic investigator will probably turn to query the stability of government finance. Examples are not wanting of how a measure of apparent prosperity can be maintained over a number of years by a Government prepared to live on capital or to subsidise the national economy from foreign borrowings. Here no conclusive answer can be given. The Free State is in appearance perfectly solvent and has recently converted a National Loan without apparent difficulty. But it may perhaps be recalled that it has in fact a number of indirect commitments such as, in the agricultural sphere, the guaranteed capital of the Agricultural Credit Corporation and the Sugar Beet Corporation.

Two points are noteworthy and may perhaps stand for criticisms. The Free State Government, which has for some time borne the main cost of the adjustments by means of direct subsidies, is now in course of transferring this burden to the consumer in the form of tariffs and import quotas. The move is deliberate and avowed. It indicates

financial and possibly political prudence, but it has the well-known defect of indirect taxation that it places the heaviest burden on the poorest class of the community and is a curious outcome of a policy which sometimes calls itself Christian-Socialist. The other striking point is that an elaborate economic transformation is being attempted apparently without comprehensive plan. No attempt seems to have been made to assess national resources and draw up a development scheme by which no industry or service will clash with another but will rather contribute to the maximum success of the whole. The effect of railway reorganisation on turf development and the small use made of Shannon power by agricultural industry have already been mentioned in passing. It is not suggested that an unprofitable railway should have been kept open for the sole purpose of accommodating a probably minute turf industry. The point is simply that there is no evidence that such matters are ever weighed together at all. Forestry, land settlement, bog development, electricity supply, extension of tillage, reduction of imports, promotion of industry, rationalisation of transport, all go their own ways and rarely, if ever, extend a helping hand to one another. This is not to deny that there are dangers in too rigid a plan, dangers which the English mind, devotee of muddling through, would be the first to recognise. Mrs. Mel, it may be remembered, had a purpose and no plans, and the purpose was achieved. But it is unexpected, if gratifying, to find the English method still pursued even while the last strand of the political painter frays apart.

Finally, what becomes of the Irish co-operative movement in all this? Undoubtedly State interest in co-operation is lukewarm, though it has used the movement for the organisation of turf societies and occasionally for other purposes, and continues to subsidise the I.A.O.S. Other, swifter schemes are afoot; it may be that the old uncertainty of the politician in dealing with a movement which conflicts with the business interests of constituents remains. Some day the State may take the co-operative movement in hand, redraft its legal basis and impose on its central office

a new departmental discipline. The danger seems remote. The State has, it is true, already impinged on the most successful and financially imposing side of co-operation, the creameries, through the operations of the Dairy Disposals Company. It has competed with the much smaller and less vigorous credit movement with " fluke " loans and heifer loans. It is now in course of imposing on bacon and dairy industries alike the rudiments of that central selling organisation which co-operators have long desired but failed to attain. On the whole, however, Irish co-operation has little cause for dismay. An article on another page shows that the movement is financially in good case. Few indeed are the countries in which today agricultural co-operation can wander at will without tripping over the guidelines and enclosures of the State. If Irish co-operation cannot, like the movements of Denmark and Czechoslovakia, step in and take control of even a branch of national economy, at least it is threatened with neither economic extinction nor political domination.

Northern Ireland

The agricultural problem confronting Northern Ireland is in many ways simpler than that of the Free State, and both the problem and the measures taken for its solution represent a middle term between the extremes of the Free State and Great Britain. Northern Ireland was formed into a self-governing state in 1921. Its powers did not include control over imports and exports, though it was subsequently allowed to make quality restrictions on exports. No disputes have arisen and since it forms part of a customs unit with Great Britain, no " tariff wars " have broken out nor quotas been imposed. On the other hand Northern Ireland, though mainly an agricultural country with a considerable agricultural export, possesses proportionately a larger industrial area (the city of Belfast) than the Free State, and consequently, a larger home market.

The Government of Northern Ireland sought to promote agriculture by education, the encouragement of stock breeding (notably by the elimination of the scrub bull)

and by the above mentioned quality standards imposed on produce for export, beginning with eggs in 1924 and going on to potatoes, dairy produce, meat and fruit between 1928 and 1931. An " Inquiry into the Marketing of North Ireland Agricultural Produce " took place in 1932, but the next step was in the main a reaction from the passing of the English Agricultural Marketing Act of 1933 and accompanying measures for the restriction of imports.

The Government of Northern Ireland passed a Marketing Act of its own in the same year. It provides for marketing schemes " to subserve any purpose " in connection with schemes operating in Great Britain, and is therefore definitely linked with English and Scottish developments, but it differs in several respects from the original British Acts. In the first place, schemes are drawn up and imposed by the Ministry of Agriculture after consultation with producers and others, but no poll is required. The scheme may operate for two years without consent of Parliament, though it then lapses if such consent has not been obtained. The members of the Board administering the scheme are nominated by the Minister, but within a year all but three must be elected by producers. For the first two years the chairman must be a nominated member. Producers are registered but the Board controls the marketing of produce both from registered and unregistered producers. It has power to buy and sell, grade and process the product, to require that it should be sold only to or through the Board, to fix different prices, and to determine the quantity that may be offered for sale. Special provision is made for consultation with committees of dealers in the matter of price fixing. Provisions for discipline under the schemes for levies, advances and subsidies resemble those in the Act for the United Kingdom, but special sections deal with the co-operation of Boards in development schemes under the United Kingdom Act, with possible modifications in that Act and the necessary adaptation of the Northern Ireland Act by Order in Council and with the power of the Northern Ireland Ministry of Agriculture to control the export to Great Britain of produce affected by

a scheme. In 1934 an amending Act was passed and conferred on marketing boards various powers to make and receive grants and loans and to make financial concessions to producers and others, to levy licence fees on exporters and to co-operate in schemes under the United Kingdom Act.

The first agricultural marketing schemes to be introduced into Northern Ireland were for pigs and bacon, and two Boards were set up in the autumn of 1933. The pig industry in Northern Ireland was carried on by the slaughter of pigs on the farm and the sale of the carcases at public markets to curers or dealers buying for curers. As supplies were irregular, and in the absence of a pork trade there was no alternative market, prices were apt to fluctuate severely. Sales of live pigs (which could be passed on elsewhere if they failed to secure a sufficient price) were discouraged not only by custom but by the physical character of the Ulster pig, which is a bad traveller and easily damaged. Curers, unlike those of most countries, were exclusively engaged in the "roll" trade, for which the market is relatively limited.

The Pigs Marketing Board set out with the two-fold object of stabilising the price of pigs at a remunerative level and finding fresh outlets for the product. No contract system was introduced, but producers were urged as far as possible to make arrangements with curers for the delivery of pigs before they began killing. The Board in the meantime fixed a price for pig carcases and at the same time undertook to purchase live pigs at the standard price less marketing costs. For this purpose the Ulster Agricultural Organisation Society was also asked by the Board to form co-operative agency societies to handle live pigs. Some 23 societies were formed in this way, but they are little more than collecting points, receiving a fixed commission from the Board and transmitting the pigs to the four pig agents who have been given authority by the Board to export pigs on a commission basis. They do not handle the entire trade as certain individuals have also been licensed to act as agents. Certain other agents are authorised to handle pigs for the Belfast market, commission being paid on a

sliding scale in inverse proportion to turnover. There are no group contracts. No special transport arrangements are in force, though it is possible that some change may be made as a result of the setting up of the Northern Ireland Road Transport Board.

The Board and its agents were able to find a good outlet for the surplus pigs on their hands partly in increased local consumption, but mainly in sales on the English market either as pork or to English bacon factories as part of the Ulster quota. This, however, was not regarded as a permanently satisfactory outlet, and steps have been taken to promote the manufacture of Wiltshire cure bacon in Ulster, a type for which the demand is wider than for roll bacon and the foreign supply of which to the English market has been reduced by quota. The Government has therefore encouraged the establishment of Wiltshire cure factories—two have recently been opened—and the breeding of Large White York pigs which are more suitable for this trade as well as for live sales. The Board has undertaken to keep these factories supplied and is also promoting direct contracts between producer and factory. Notification of proposed killings to the old type of factory is also on the increase.

The administration of these important changes has not been without difficulty, and harmony between the Bacon and Pigs Boards was not always easy to secure. In the autumn of 1934, the Agricultural Marketing (Pig Industry) Act was passed, which set up a supreme authority, the Pig Industry Council, consisting of three members each from the Pigs and Bacon Boards and three independent members nominated by the Minister of Agriculture. The Council took over the duty of fixing prices (on a formula similar to that used in England but with equal division of profit or loss between producer and curer) and advising the Minister with regard to licensing and general supervision of new and old factories. In the autum of 1935 the Bacon Marketing Board was allowed to lapse and representatives from the curers' side to the Pig Industry Council will in future be elected by the curers. The Pigs Marketing

Board remains in existence and continues its other functions, including the appointment of agents through whom alone pigs may be sold and the purchase of pigs. The collection of levies has now been taken over by the Ministry of Agriculture and though the Board apparently retains the power conferred on it by statute to carry on the manufacture of pig products of all kinds, nothing has hitherto been done to make use of this power.

As the system operates at present, live sales (except of breeding, store and similar classes of pigs) may only be made to the Board, on contract registered with the Council or on export permit. The Board does not handle dead pigs, the sale of which is free, though the price and grades are fixed. Producers, however, are advised not to kill pigs until they have obtained the written promise of factories to buy. Grading is carried out by the Ministry of Agriculture veterinary inspectors at the curers' premises, and payment is made direct to the producer or through the purchasers' agent within a week. The Board make an administrative levy of 1s. per pig, which also covers grading, research and the building up of reserves which may be used to establish a bacon factory, and a trading levy of 2s. 6d. which is used to maintain the price to the farmer of pigs exported to England and sold at the lower rates obtaining there.

After two years' operations, the Board can point to a pig population which has nearly doubled and a price which stands at 10 per cent. to 15 per cent. above the 1932 level. It claims to have gone far to realise all of its five major objects—steady prices, better prices, new markets, payment by quality, increased efficiency in production and marketing. It has done much to abolish the violent weekly fluctuations in supplies, has introduced the Wiltshire cure to Ulster and reduced the relatively unprofitable and uncertain export trade in pigs. The Board is looking forward to a further increase in supplies in 1936 and has made special provision for the payment of a premium on Wiltshire type pigs.

The organisation of milk marketing was delayed until

the summer of 1934 and was then carried out under special legislation—the Milk and Milk Products Act. The position of the dairy industry in Northern Ireland was in some ways peculiar. It was not possible to imitate the English system of subsidising manufacturing milk through a system of price pooling, since liquid sales only amounted to about 30 per cent. of the total, the remainder being made into butter in creameries (largely co-operative) or on the farm. On the other hand, low prices were impoverishing the creamery supplier and leading to competition on the limited industrial market, coupled with a reduction in the creamery by-products available for pig and calf-rearing. The position was relieved by the offer, under the United Kingdom Milk Act of 1934, of a subsidy up to £200,000 for the years 1934–35 and 1935–36 on Northern Ireland creamery butter and cream. This formed the basis for a scheme of organisation in which the Northern Government proposed to incorporate a system of quality control for liquid milk considerably in advance of anything attempted in Great Britain. The objects in view were the simultaneous improvement in quality, increase in farmers' prices without a corresponding increase in consumers' prices, and the decrease in consumption that might be expected to accompany it. Such a program would involve the control of both producers and distributors, and it was felt that it could be more efficiently carried out under the control of the Ministry of Agriculture and by means of a Special Act.

The Milk and Milk Products Act was passed in the summer of 1934. It established four grades of milk—A, B, C and D, and made it an offence to sell ungraded milk. Grade A milk must be produced from cows which have passed the double intradermal tuberculin test and must comply with a high bacteriological standard. It may only be sold raw and must be bottled on the farm. Grades B and C must be from clean and healthy herd showing no clinical symptoms of tuberculosis, while the milk must comply with a certain standard of cleanliness. B must be farm-cooled and bottled by retailer. B and C may be sold raw or pasteurised

but must be labelled. These three grades may be sold for human consumption by persons obtaining either a producers' or a distributors' licence from the Ministry of Agriculture. The price to the producer is the same for B and C unless he bottles on the farms, then he becomes entitled to an extra 1½d. per gallon. Grade D is for practical purposes ungraded milk. It may be sold without licence, but only to creameries where it is pasteurised before use in butter or cream. All cows are inspected twice a year by the veterinary officers of the Ministry of Agriculture, as are the premises of licensed producers.

The control of prices is placed in the hands of a Joint Milk Council consisting of three members, including the chairman, appointed by the Minister of Agriculture, three appointed by the Minister of Home Affairs to represent consumers, seven elected by holders of producers' licences and four by holders of distributors' licences. The producers' representatives are elected on a regional basis. The Council fixes from time to time the wholesale and retail price of milk of the various grades, retail prices being subject to the consent of the Ministry of Agriculture. Decisions on prices are determined by the three members appointed by the Ministry in cases where the other members fail to reach a unanimous decision.

Since not all milk of A, B and C grades finds its way to the retail market, a price equalisation scheme has been introduced with the object of maintaining the grade prices. Funds are obtained by means of levies on the milk sold for human consumption under the various grades, the highest levy being paid by the lowest grade. The most recent figures are 1¾d. per gallon for Grade C, ¼d. per gallon for B and $\frac{1}{10}$d. per gallon for A. This in itself is an encouragement to the higher grades. The fund so collected is used to pay a bonus of 2d. per gallon on grades A and B and 1d. per gallon on Grade C milk delivered to a creamery, and also to cover the expenses of administering the Act.

The Belfast retail price has been fixed at a uniform 5d. per quart for Grade C milk throughout the year, as compared with prices fluctuating between 4½d. and 6d. Grade

A milk commands a premium of 1d. per quart. About $1\frac{1}{2}$ million gallons of it are sold. Grade B milk (which is slightly above the English accredited grade) commands a premium of $\frac{1}{2}$d. per gallon if bottled, but as it is more costly for the retailer to handle it is frequently sold as C, thus increasing the supply of good quality loose milk, but no doubt also being mixed with the inferior C. It is hoped ultimately to eliminate C and have only two grades of milk for human consumption, followed by a creamery grade. Considerable improvements in production have already been recorded by the Ministry's inspectors, and many more farmers are qualifying for grade licences. Pasteurisation is little practised except by the Belfast (Consumers') Co-operative Society which carries on all its large business with B pasteurised. A good deal of milk is fetched by customers from small milk shops, and here a reduction in price is allowed. There are also specified reductions for country districts. It seems probable that licensing may be used to close some of these small and insanitary shops. As has been shown, the grade premiums as arranged encourage better milk but not bottling. The retailers' margin appears to be 8d. It is claimed that the price has been raised to producers and lowered to consumers (though this has been questioned) and that consumption has been maintained. No scheme of milk distribution to schoolchildren has been attempted, but later it is hoped to stimulate consumption by an advertising campaign. The cattle population has slightly increased.

No price is fixed for milk sold to creameries, but the subsidy payable from the Imperial Government, under the United Kingdom Milk Act for the two years ending March 1936, is used to raise the price payable by these creameries to suppliers to an average of not less than 5d. per gallon in summer and 6d. per gallon in winter. The total sum payable monthly from this subsidy is calculated on average creamery prices for the whole country and paid at a flat rate to all creameries and all suppliers. Thus the creamery with a capable manager who secures prices above the average, or a farmer, the butter fat content of whose milk

is unusually high, continues to receive a price above the average and there is an all round encouragement of efficiency. The subsidy has been comparatively small, but it has sufficed to make the sale of manufacturing milk profitable to the farmer. Supply has increased, though not to an unmanageable extent. All skim milk is returned to the farmer, so that there is no question of checking calf or pig rearing as in English districts where milk manufacture is on the increase. There has, however, undoubtedly been a drop in home butter making. The subsidy, if not renewed, will cease in March, 1936.[1] If this happens, it is possible that some form of butter price equalisation scheme may be attempted by raising the levy of ½d. per lb. which is at present made on all retail sales of butter and margarine, in order to pay for inspection and similar services. The Government of Northern Ireland have already taken steps to encourage increased creamery butter production by facilitating new creameries in what has not hitherto been a creamery area—namely parts of Co. Down and Armagh. Unfortunately these are proprietory and not co-operative.

In all other respects the co-operative creameries have taken their place naturally in the new organisation of the dairy industry in Northern Ireland. Of the 34 existing central creameries only 4 are proprietory and one is the property of the Scottish Co-operative Wholesale Society and supplies principally to the Belfast Co-operative Society. They have for several years past adhered to a joint butter price fixing and grading committee, established by the Ulster Agricultural Organisation Society, on which buyers are also represented. The committee has no compulsive powers and some undercutting takes place, but something like 80 per cent. loyalty is undoubtedly secured. The Belfast Co-operative Society, the largest butter buyer in the country, gets all its home supplies from the committee. There is some possibility that at a future date a Government butter marketing scheme may be launched which would finally end undercutting, but no proposals are yet on foot.

In view of the discussion which has arisen in England

[1] To be continued until September 30, 1937.

with regard to the rival claims of producer, consumer and distributor, and the consideration given to each under the scheme, it is worth quoting the statement issued by the Northern Ireland Ministry of Agriculture and published in the *Ulster Year Book* of 1935:

"In making arrangements for the constitution of the Joint Milk Council for Northern Ireland on the lines indicated above, the Ministry had the following considerations in view:

(1) The recommendations of the Grigg Commission in regard to the establishment of a Joint Milk Council consisting of representatives of producers and distributors with the addition of an appointed Chairman and two appointed members, with provision that in the event of a deadlock the power of ultimate decision should be entrusted to the appointed members. Such an arrangement appeared more desirable than the provision for arbitration by outside arbitrators which was eventually included in the English scheme.

(2) The need for securing that the price of milk to the consumer should be as low as possible compatible with a reasonable price to the efficient producer and distributor. In view of the paramount importance of a cheap milk supply from the point of view of public health it was considered desirable that consumers should be represented on the Joint Milk Council. The Ministry was particularly impressed with the danger that producers and distributors might combine to place the retail price of milk at too high a level so as to cover the full demands of both sides arising out of the inefficiencies of either or both parties. The division of the retail price between the producer and the distributor is, however, solely a matter for the Council."

No other commodities have yet been the subject of anything like a finished marketing scheme. The wheat and livestock subsidies payable in Great Britain extend to Northern Ireland and under the stimulus of the former, wheat acreage has actually trebled between 1931 and 1935. In view of the United Kingdom scheme, the control of potato marketing has been placed in the hands of a voluntary board, on which the Government, farmers and merchants are represented and which is attempting to fix prices. It seems probable, however, that a statutory board with elected growers representatives will be substituted. Northern Ireland is in the fortunate position of

having neither a basic acreage, as in England, nor a quota, as in overseas countries. In fact, potato acreage has declined in recent years, but crop density has increased. Eggs have been the subject of an inspection scheme since 1924. This covers both home sales and exports, except those going direct from producer to consumer or retailer. All other trade is by licence and the licensing system has been used to reduce the number of higglers carrying on an eggs and grocery barter from 2,500 to 1,500; more will be eliminated if it can be made compulsory to bring in eggs for grading within twenty-four hours. The local grades are fixed somewhat below the English National Mark weight classes. It is possible to trace bad eggs back from the exporter to the individual producers or from the consumer to the exporter. It seems probable that some form of statutory marketing scheme may later be introduced. Market gardening and horticulture is little developed; the only fruit export is apples. These were formerly sold on the tree, but something has been done to introduce a grading system and encourage both grading and sales on the farm.

The Government of Northern Ireland has been confronted with a simpler agricultural problem than that which faces the Governments of either Great Britain or the Irish Free State. It may be regarded as an intermediate problem since Northern Ireland lives neither by the import nor the export of agricultural produce and her Government appears to have no desire either to make an industrial country agriculturally nor an agricultural country industrially self-supporting. Given a limited objective—that of extracting the maximum prosperity out of an economic situation in which others are prudently left to take the initiative—the Northern policy has achieved very considerable success. It has, however, done something more, for in milk marketing it has set up an ingenious model which, while it may be a shade too authoritarian for the orthodox co-operator, is still a remarkable essay in economic justice and the balancing of the claims of different classes dependent on the same commodity. As such it deserves wide and sympathetic study.

SCOTLAND

BY

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IN any endeavour to review the progress of the agricultural co-operative movement in Scotland, it is becoming increasingly obvious that some attempt must, at the same time, be made to glance at the position of the industry from a wider angle.

A spirit of quiet optimism is already becoming perceptible among many Scottish farmers largely dependent for their livelihood on the products subject to regulation under one or other of the various marketing schemes now in operation. While a period of years must necessarily elapse ere the ultimate results of organised marketing, planned on a national scale, become clearly evident, it is reasonably safe to say that a degree of confidence in the future, which has been lacking for some years, is already apparent. As individuals, there may be little or no improvement in their financial position ; collectively, however, a sense of security, hitherto beyond the reach of the vast majority of producers, is now enjoyed. In many cases it may be that this feeling of security is, indeed, responsible to some extent for much of the criticism of marketing schemes given voice to from time to time. Producers of milk and bacon pigs, for example, must appreciate—even unconsciously—that they need no longer worry from week to week about the marketing of their produce as they did in former years. Their outlet is secure and they are free to concentrate their full energies on production. The rise in milk production during the past two years indicates that milk marketing schemes have already yielded this result.

The marked increase in the quantity of milk handled under the various milk marketing schemes bears out a

theory often expressed by those connected with the co-operative movement in Scotland. In many parts of the country it has been found that given an assured market, even at unknown prices, production will increase considerably. Prominent instances of increased production are to be found in Orkney, Aberdeenshire, Caithness and Lewis. The co-operative egg-marketing societies established in Caithness and Lewis during the period of low prices in the past few years, each reports substantially increased business during 1935. The encouragement given by the societies to the crofters and other producers situated within their areas has led to rapid changes in the economics of the holdings, with beneficial results to all. During the past year, although many new members have joined Lewis Egg Producers Ltd., the proportional increase in the volume of eggs handled is considerably greater. There is still, however, a comparatively large quantity of eggs imported into the island during the scarce season. In time it is hoped that the greater proportion of these imports will ultimately be displaced through the further development of the local poultry industry and of the storage policy which has been adopted by the society with considerable success.

Since publication of the Report of the Reorganisation Commission for Eggs and Poultry for Scotland early in 1935, many opinions, favourable and unfavourable, have been expressed by all sections of the poultry industry regarding the Commission's proposals. As time passes, however, it has become more evident that the industry realises the need for improvement in the quality of a large proportion of the supplies of home produced eggs and poultry. There is every prospect that a marketing scheme will be proceeded with at no far distant date and an endeavour thereby made to achieve that degree of standardisation of quality so long desired. Most producers appreciate also that the packing stations required for the effective operation of a scheme should be co-operatively owned, and it is apparent that the inauguration of a scheme will bring about a period of great activity for those connected with the movement in Scotland.

In the case of poultry products, Scottish co-operators, who have for so many years striven to place the quality of home produce beyond reproach, will welcome the establishment of a Board, whose duty it will be to exercise a general and direct control over the machinery of marketing so as to eliminate waste and ensure that home supplies satisfy the requirements of our consumers as regards quality and appearance, in particular. If given effect to, the proposals of the Scottish Commission should be a means of reaching this desirable objective.

A movement which has its roots south of the Border has extended into Scotland during the year. The merits of wayside and market stalls as a suitable means of providing an outlet for the produce of small producers have been proved in England. A wayside stall was successfully operated in Berwickshire throughout the past summer and it is already apparent that next year similar ventures are likely to be established in other districts. In time it is believed that numerous stalls operating on a co-operative basis will be organised in various parts of Scotland. Small producers without the scope of marketing schemes, who, under present conditions, are to some extent unprovided for, should thus benefit, and, at the same time, enable consumers to obtain the freshest of garden produce.

In general, the established societies throughout the country continue to expand their businesses. Numerous societies report substantial increases in turnover and an extension of the area covered by their operations. During the past two years the increase in membership of many societies has been most striking and augurs well for the future. In certain districts there is little doubt that for some years past many farmers, particularly those in the dairy industry, have not been entirely free to purchase their requirements from whom they pleased. In future, the security now obtaining in that section of the agricultural industry will no doubt enable many to place their business with co-operative organisations, which they may often have desired to support in the past but could not do so. In addition, the advantages accruing from the large-scale

marketing organisations will unquestionably bring to the forefront the cumulative benefits obtainable through loyally supported, well managed, co-operative ventures for the purchase of all farm requisites.

WALES

BY

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AGRICULTURAL co-operation in Wales has undoubtedly made definite progress during the last few years. In the period when agriculture was in a depressed condition, co-operative societies suffered also and in many cases a rather severe strain was placed upon their financial resources. Nevertheless, they have survived the test and it is probably true that the services they have rendered to members during the last few years has been as great as those rendered in any other period.

The majority of societies in Wales trade in farm requirements and handle, in the main, such commodities as feeding-stuffs and fertilisers. A few of these might be classified as part-marketing societies as farmers are able to dispose of some of their products through them. There are several marketing products only, also a few others such as implement, small holding and electricity supply societies

During 1931 and for some time after societies were confronted with a difficult credit problem. Farmers experienced difficulties in meeting their liabilities to the societies within the normal periods and in some cases the debts outstanding became extremely high. As a result of this, societies were obliged to obtain credit from banks or other sources to meet their own liabilities, interest charges became unduly heavy and the costs of operation under such circumstances tended to rise. Recently, however, conditions seem to be improving and societies stand to gain with a restoration of more normal conditions.

There has been some change in the number of societies and in the number of members during recent years as the following table shows:

Year.	*No. of Societies.*	*No. of Members.*
1930	83	24,452
1931	85	23,963
1932	81	25,171
1933	83	25,998
1934	83	26,046

Some of the weaker societies were weeded out between 1930 and 1933; on the whole this was beneficial to the movement, for in general, members transferred their allegiance to other societies. The movement is undoubtedly healthier as a result of this, some of the least efficiently managed businesses disappeared and the stronger ones took up a great deal of the trade which was relinquished.

The strength of the co-operative movement, however, must not be entirely judged by the number of members. Most societies trade with non-members, and in many cases, the influence of the larger societies extends over a very wide area. Prices of farm requirements in some districts are very largely governed by those charged by the co-operative businesses.

The following table shows the closest possible classification of the existing societies:

Character of Societies.	1933. *No.*	1934. *No.*
Entirely requisite	56	57
Dairy produce	4	5
Marketing and requisite	6	4
Auction marts	6	7
Electricity	2	2
Implement	2	3
Smallholding	2	2
Miscellaneous	5	3
	83	83

Requisite societies are found in every county; some of the larger ones have several branches and in such cases a society extends its influence over a very wide area. Several of the most successful businesses were established early in the century and have progressed continuously. Most of

the marketing societies on the other hand are new, but in the short period of their existence they have been reasonably successful.

Businesses vary enormously in size, the largest society handles commodities to the value of £200,000 or over each year. The bulk of the requisite societies, however, are comparatively small, 54 per cent. show a turnover of below £10,000 each per annum, whilst in only 28 per cent. of the cases do the sales exceed £20,000. The businesses can be conveniently grouped according to turnover and in the table below the number making net profits or suffering net losses is also shown.

Turnover.	1933. *No. showing*		1934. *No. showing*	
	Net Profits.	*Net Losses.*	*Net Profits.*	*Net Losses.*
Under £5,000	12	4	9	5
£5,000–£9,999	13	3	11	3
£10,000–£19,999	8	2	11	—
£20,000–£49,999	9	4	12	—
£50,000 and over	4	—	8	—
	46	13	51	8

A remarkable feature of recent changes is the tendency towards increase in turnover of the larger societies, and towards decrease in the smaller; perhaps an indication of the necessary type of organisation for future success. The larger societies are on the whole in a strong position; in the second year all the businesses handling commodities of over £10,000 in value made net profits. This was a considerable improvement on the previous year. Of course it is not necessarily the aim of these businesses to show large net profits, societies, however, attempt to avoid suffering net losses over any length of time. Many farmers in the Principality take a keen interest in the welfare of these businesses and are much concerned about their financial position. It is extremely unfortunate when societies go

into liquidation as the members lose some of their capital and this has a damaging effect upon the movement as a whole. Farmers have particularly long memories and when a society fails in any district they tend to lose faith and it is only with considerable difficulty that confidence can be restored. But in spite of some disappointments, farmers have recently shown new faith in the co-operative bases of organisation.

It is becoming apparent in recent years that farmers are becoming more conscious of their responsibilities to the societies. In most rural districts of Wales it is realised that unless a fair degree of loyalty is observed the businesses cannot render the services expected. This has been quite conspicuous in some cases, especially where new societies have been formed and where, in the early stages, some business difficulties have been experienced.

The total sales of 59 societies in the Principality which deal almost exclusively with farm requirements may be seen from the table.

Sales.	*Actual Sales.*			
	No. of Societies.	1933.	*No. of Societies.*	1934.
		£		£
Under £5,000 . . .	16	38,135	14	31,233
£5,000–£9,999 . . .	16	115,005	14	92,162
£10,000–£19,999 . .	10	146,658	11	144,404
£20,000–£49,999 . .	13	405,408	12	324,386
£50,000 and over . .	4	354,599	8	613,097
	59	1,059,805	59	1,205,282

The total cash turnover is of course affected by two important factors, *viz.* (*a*) changes in prices and (*b*) changes in the tonnage of commodities handled. Any real progress of the businesses is very largely measured by the quantity of goods dealt with from year to year and this has shown a steady rise during the last decade. It is estimated that

sales are now 49·6 per cent. higher than they were in 1926 and, compared with 1931, an improvement of 11·1 per cent. is shown.

There has been a very large increase in demand for artificial feeding-stuffs during recent years and these goods form a large proportion of the total goods handled by these societies. The decline in the arable acreage of the country since the War has resulted in change over from home-grown to purchased feeds and a large proportion of these commodities are now obtained through the co-operative societies. Sales can be conveniently classified as follows:

Item.	*Sales of 50 Societies.*			
	Value.	1933.	*Value.*	1934.
	£	%	£	%
Feeding stuffs	595,315	74·9	677,179	75·2
Fertilisers	46,968	5·9	46,672	5·2
Seeds	23,300	2·9	30,218	3·3
Implements	10,250	1·3	16,277	1·8
Others	119,443	15·0	131,067	14·5
Total	795,276	100·0	901,413	100·0

It is seen that sales of feed amount to about three-quarters of the total business and during the last few years the turnover of feeding-stuffs has been expanding rapidly. It is obvious that societies meeting farmers requirements in this way are rendering a very valuable service. Equipment has recently been obtained by several businesses for the purposes of mixing balanced rations for different classes of stock and in view of the fact that the prices of these prepared foods are comparatively favourable a keen demand has arisen. Farmers also know that they can rely upon the quality of the feed obtained from their own stores and this has inspired confidence. Several societies supply non-members also and this in itself indicates that the businesses run on co-operative lines are efficiently conducted, otherwise they could not stand the keen competition that exists in the feeding-stuffs trade.

Developments in the sale of farm products have shown definite progress in recent years. At present five co-operative factories are engaged in the manufacture of butter, cheese and other dairy products. In some cases milk rounds are operated and milk is supplied to schools. In addition four societies, although primarily engaged in selling farmers' requirements, handle farm products; in two of these cases particular attention is paid to the marketing of eggs. Sales of farm products can be classified as follows:

VALUE OF FARM PRODUCTS HANDLED

Item.	1933.	1934.
	£	£
Dairy Produce . . .	32,698	46,241
Eggs and Poultry . .	30,451	23,721
Other	8,364	7,226
Total	71,513	77,188

The decline in the quantity of poultry and eggs handled in the second year was due to the destruction by fire of an important packing station and to a decline in prices. Farmers in many districts are extremely anxious to establish both butter factories and egg packing stations but the lack of capital and credit facilities is a very severe handicap. Prices of some farm products commonly produced in the Principality, and farming profits, have been low for many years, so the small farmers need all the capital they can command to develop and improve their holdings and equipment.

There have been more inquiries with regard to extension of businesses or creation of new societies for marketing during the last two years than during a considerable previous period. In a few cases local groups have found insuperable difficulties in the way of development but wherever a project is mooted interest and enthusiasm are forthcoming and it is reasonably certain that farmers would support new marketing societies which could be started with the necessary capital and scope for activities. When, however, farmers are asked to subscribe the necessary share capital great difficulties are invariably encountered. Some newly estab-

lished societies have been handicapped in the early stages by lack of sufficient capital to enable them to obtain adequate equipment; and in several cases their working capital has proved quite inadequate to requirements. If credit could be obtained at a reasonably low rate of interest the co-operative movement in Wales could advance far more rapidly than at present.

The relations between the Welsh Agricultural Organisation Society and the operating societies, and interested groups generally, have been strengthened. A very considerable amount of special advisory and organising work is called for in addition to the normal co-ordinating, legal, and general advisory work of an Organisation Society. The society has recently undertaken the stimulatory and organisation work of the Red Dragon Livestock Improvement Association, which exists to improve production and marketing of cattle in Wales. Convenient and attractive offices in the centre of Aberystwyth have been provided by a supporter for the use and benefit of the society. The Agricultural Economics Department of the University College of Wales continues its close association with the movement, and has been specially concerned with its financial and economic problems.

Twice a year a Conference is called at Aberystwyth by this department and the Welsh Agricultural Organisation Society, and is always well attended. Topics of general interest to farmers and to societies are discussed at these meetings; and managers, members of committees and others interested in the movement have an opportunity of collectively considering any of the problems with which they are confronted, whilst opportunities are presented for explaining any new development in agriculture with which those responsible for the societies should be familiar.

THE POSITION OF FARMING IN NEW ZEALAND DURING THE CRISIS

BY

J. P. BELSHAW

I. INTRODUCTION

IN the years immediately prior to the crisis the farming industries of New Zealand were in a reasonably prosperous condition. Export prices were relatively high, costs were tending to fall and productivity to increase. At the same time the ill effects of the post-War boom in land values were slowly being liquidated. Nevertheless, farmers were discontented and inadequately remunerated. Viewed in retrospect and by comparison with what has since happened they are now regarded to have been prosperous, and the pre-crisis years form a standard by which their present position is judged.

In common with all primary producing countries New Zealand was faced after 1929 with a disastrous fall in the prices of her exports of which over 90 per cent. are pastoral products (wool, frozen meat, dairy produce, hides and skins, etc.). With the highest *per capita* export trade in the world, exporting almost one-half of her total national production and with income received from overseas falling rapidly away, the position faced by the country in general and the farming community in particular was grave. In the early stages of the crisis it was commonly believed that the price-collapse was temporary and that prices would recover to " normal ". It was only when it became apparent that the fall in prices was becoming a permanent feature and that there was little likelihood of any recovery within a period short enough to save the farmer from disaster that legislation became active. This article will be mainly concerned with a summary description of the legislation that resulted.

An indication of the huge disparity between export and other prices as it developed early in the depression and of the problems facing the country will be gathered from the following table:

TABLE I

PRICES IN NEW ZEALAND, 1928 AND 1931
(Base: 1914 = 1,000)

Index.	1928.	1931.	*Fall.* %
Exports (farm products)	1,553	881	43
Farm expenditure . .	1,642	1,490	9
General wholesale . .	1,417	1,278	10
Retail prices (all groups)	1,602	1,447	10
Nominal wages . .	1,656	1,542	7

(SOURCE: *N.Z. Official Year Book*, 1934.)

While export prices fell by 43 per cent. the index of farm expenditure fell only 9 points and other indices to a like extent. The problem that faced New Zealand was therefore the narrowing of the gap between export prices and other prices, or, more specifically, the costs of the farmer. In theory, this could have been done by increasing the receipts of the farmer, or by bringing his costs to a parity with the prices of his products. In practice, however, the gap was too great to be bridged by either policy alone. A compromise was therefore effected, the exchange rate being raised from 110 per cent. (the level to which it had been forced in the early stages of the depression) to 125 per cent. on London, and costs being reduced by various measures summarised below.[1]

The raising of the exchange rate effected an immediate gain in the farmer's receipts to the extent of the additional 15 per cent. Had costs risen to an equivalent extent the benefit so derived would have been cancelled, but the internal level of prices did not rise, partly because the level of prices was in any case falling slowly and partly because the exchange policy was only part of a wider policy of which cost

[1] For a description of the proposed policies before they were adopted see (*a*) *Report of the Economic Committee*, February, 1932, and (*b*) *The Crisis in New Zealand*, 1932, by Prof. H. Belshaw, L. Holt, H. R. Rodwell, F. B. Stephens and D. O. Williams.

reduction was an essential element. The following table, comparing different series of prices, shows that the effect of the raising of the exchange rate was not to raise internal prices :

TABLE II

PRICE MOVEMENTS IN NEW ZEALAND 1932 AND 1934

(Base : 1909–13 = 1,000)

Index.	1932.	1934.	*Change.* %
Export prices	892	1,109	+ 24
Wholesale prices (locally produced items)	1,298	1,319	+ 2
Wholesale prices (imported items)	1,296	1,345	+ 4
Wholesale prices (all items)	1,297	1,330	+ 3
Retail prices	838	808	— 4
Nominal wages	1,250	1,150	— 8

(SOURCE : *Monthly Abstract of Statistics*, July, 1935)

Space does not permit of a discussion of the other effects of the raising of the exchange rate save to point out that any accumulation of London funds was a temporary phenomenon due to a heavy reduction of imports and to the fact that traders held funds in London rather than in New Zealand in the belief that the rise in the exchange rate was not permanent. With the establishment of a Reserve Bank which took over surplus funds bought by the Government from the commercial banks and the Reserve Bank's announcement that it did not intend to lower the rate of exchange in the immediate future, the position became less difficult.

II. REDUCTION OF COSTS

Wages are not an important direct element in the costs of the New Zealand farmer, particularly during recent years, owing to the development of a high degree of mechanisation with the extensive use of hydro-electric power and especially on dairy farms where the size of the farm tends to approximate to a " family farm ". Where wages do form a direct element of costs they are usually more easily adjustable downwards than wages in general because farm labour—

except in the case of such classes of workers as shearers—is not organised and not subject to an arbitration award. Wages, however, embodied in the goods and services which the farmer must buy do form an important element in his costs. The reduction of general wages was, therefore, a part of the plan adopted.

The Finance Act (Part I), 1931, reduced the wages of civil servants by 10 per cent., a second reduction ranging from 15 per cent. to 5 per cent. following a year later. In 1931 the arbitration court ordered a general reduction of wage rate awards of 10 per cent. The following year an amendment to the arbitration act facilitated further reductions. As a result the wages index fell from a level of 1,665 (base : 1914 = 1,000) in 1930 to a level of 1,375 in 1934, as a result of which a stimulus was given to a reduction in the cost of farmers' materials.

An important element in the maintenance of the farmer's productivity and in reduction of costs was the price of and the extent to which he was able to use fertilisers. Under the influence of the fall in farm product prices the area top dressed dropped considerably. In order to increase the use of fertilisers the Government, for the year 1932–33, made available to the Rural Intermediate Credit Board £100,000 which the Board was authorised to lend to farmers on easy terms for the purchase of fertilisers. Advances from the fund, however, totalled only £11,816, the demand being limited by financial stringency. At the same time the Government continued its policy of granting to the farmer free railage of all lime used and of subsidising the carriage of other fertilisers. It also granted subsidies on the manufacture of superphosphate, the subsidy ranging from 11*s.* per ton to a present subsidy of 2*s.* 6*d.* A maximum price of £4 per ton was fixed for the sale of superphosphate. It has been estimated that the rebates on railage of lime and fertilisers costs the government £130,000 per annum and the subsidy on the manufacture of superphosphates £50,000 per annum. Though figures for the year ending March 31, 1935, are not available, the figures for 1928–34 giving tonnage of fertiliser and lime carried by railways show that the

application of fertilisers has had some tendency to decrease and that of lime to increase.

The rail-freight chargeable on a wide range of farm products was reduced by 15 per cent. early in 1933. At present it stands at 12½ per cent. below the 1932 level, while the range of products to which the cheaper rates apply has been somewhat narrowed. Other elements in the cost of reduction plan have included a remission of sales tax on agricultural equipment, a partial derating of farm land and an easing up in land taxation The graduated land tax was abolished, only a flat rate of 1*d.* in the £1 of unimproved value being retained. An indication of the relief so granted may be gauged from the fall in land tax yield from £1½ millions in 1930 to £498,000 in 1934, though this tends to overestimate the benefit since land values were tending to fall.[1]

III. Unemployment Schemes [2]

During the crisis years New Zealand has had, in common with all countries, a large volume of unemployment. Being a predominantly farming country an attempt—not very successful it may be said—has been made to use the unemployed labour in productive work on farms. Under one scheme (known as 4A) farmers who wished to secure additional labour over that normally employed, were granted a subsidy on actual wages cost, a condition being that the employer found the man in board and lodging. Under another scheme (known as 4B) work was done by groups of labourers on a contract basis, a subsidy being paid of 50 per cent. of labour cost up to a maximum of £75 on any individual contract. An individual farmer could, however, apply for one or more subsidies, the idea being to have as many men as possible on small contracts. Work had to be of a developmental nature that would otherwise not have been done. As an attempt to draft men into productive

[1] For the reduction of interest rates see Section IV.

[2] See also article published by the writer in the *Economic Record* for March, 1933, on " Post-War Unemployment and Unemployment Policy in New Zealand ".

work into the country the attempt has failed, as by far the greatest proportion of labour has remained on relief schemes in the cities and towns. In many cases, too, the "additional" labour taken on has replaced the labour of men previously dismissed. Nevertheless, under the different farm unemployment schemes a considerable amount of money has been spent and a large amount of developmental work undertaken.

An interesting development was the Small Farms Plan launched in July, 1932, with the co-operation of the Department of Agriculture. It aims at settling unemployed men and their families on holdings of ten or more acres, which, it is hoped, will form the nucleus of larger holdings. It is expected that the occupants will be able to obtain casual and seasonal occupation on surrounding farms, to supplement the employment on their own farms. The cost of the establishment of the farms is met out of a special vote, but it is returned by way of amortised rent. Incidental expenses are borne by the Unemployment Board. Under a variant of the scheme, the land owners may also establish share milkers on their properties under definite contract with the Crown.

From the point of view of those responsible for it, the scheme is regarded as a success.[1] It does possess the advantage of requiring small initial capital, of providing sustenance and a potential supply of farm labour not fully dependent on wages. There is, however, the danger that holdings may not develop into an economic size. Unless supplementary earnings are sufficient, the country may be faced with the problem of the small peasant proprietor on a low standard of living; or holdings may be abandoned with resultant capital loss. In general the prospects of land settlement are not encouraging in view of the glut on the London market at the present time, the probability of a decline in the population of the United Kingdom in the future and the difficulty of finding other markets.

[1] As a factor in the relief of unemployment it has been unimportant as barely 800 men have been established as share-milkers and smallholders during the whole time the Small Farm Plan has been in operation.

IV. Mortgage Legislation

The most important element in the costs of the farmer are interest rates on bank overdrafts and on mortgages. We shall deal first with bank overdrafts which are of much less importance from the point of view of farm finance. In order to bring interest rates down to a level with reductions in wages the Government exercised considerable pressure on the Associated Banks with the result that the banks' overdraft rate was reduced in successive stages from 7 per cent. as at February 1930, to 4½ per cent. as at November, 1934, there being parallel movements in deposit rates. At the same time Saving Banks, both public and private, and other firms doing banking business, were compelled to follow their lead. A further pressure on the reduction of interest rates was the successful conversion of the internal Government debt.

As a result of the post-war inflation and speculation in land values many farms became heavily mortgaged. Accurate figures of the value of farm mortgages are not available for crisis years but an inquiry conducted by the Government Statistician in 1928 showed that the approximate value of farm mortgages was £122 million. With the fall in export prices many farmer mortgagors lost any equity they possessed in their land and found themselves in arrears with principal and interest.

Accordingly, in 1931, the Government appealed to mortgagees [1] to review all the circumstances of the mortgage and the mortgagor in an equitable spirit and to recognise the inevitability of losses by easing the mortgage charges or otherwise granting every relief possible. Though many rearrangements were made by mutual agreement between the parties, the Government felt compelled to pass successive Acts to guard the mortgagors as a class against unfair treatment.

By the Mortgagors Relief Act (1931) the mortgagee was

[1] The appeal was extended to stock and station agents, and to banks and others who had lent money on the security of the farmers' stock and chattels with or without collateral security.

forbidden to exercise any power of sale over property in respect of any mortgage without first serving notice on the mortgagor, who could then apply for relief to the Supreme Court. In making its decision whether or not to give relief it was directed to consider the probability of the mortgagor recovering from his financial difficulties in the event of reasonable time being given.

Two further steps were taken in the Mortgagors Relief Act (1931). The Act empowered the Court to postpone payments of interest and principal; to reduce the rate of interest payable; and to remit any arrears of interest. In order to encourage voluntary agreements "Mortgagors' Liabilities Adjustment Commissions" were established in as many districts as required to inquire into the circumstances of any case and to make recommendations to both parties. An increased number of adjustments now took place.

By a further Act in 1932 the mortgagor could apply for assistance on his own initiative, whereas under previous acts the mortgagor could make no appeal unless the mortgagee threatened to foreclose. The Government hoped no further action would be necessary, but many mortgagees were unwilling to make further or adequate concessions while the Supreme Court proved itself unwilling to interfere with the mortgagee's contractual powers except by way of postponement. Many farmers were still in difficulties. Accordingly the National Expenditure Adjustment Act (1932) compulsorily reduced the rate of interest by 20 per cent. on those contracts entered into during the five years prior to January 1, 1930. On mortgages entered into before the commencement, or after the end, of that period, the reduction was to be 20 per cent. of the rate such mortgages would have borne had they been made on January 1, 1930, a hypothetical rate to be determined by private agreement, by arbitration or by the Supreme Court. Interest rates could not be reduced below 6½ per cent. on chattel mortgages and 5 per cent. on other mortgages. The mortgagee was given right of appeal on grounds of hardship, or that adequate concessions had already been made.

By the Mortgagors and Tenants Relief Act (1933) the scope of the legislation was widened. Prior to this date the stock mortgagee had seldom been a party to an agreement enforced by the Court. In many cases the farmer was being financed in the short period by stock and station agents or by banks in whose hands lay the control of the whole of the farmer's income, the surplus of which they appropriated to reduce the mortgagor's indebtedness to themselves leaving the farmer with no funds to reduce his indebtedness to the land mortgagee. Under the Act the stock mortgagee was required to keep an account of all money received and expended on the mortgagor's behalf, the surplus being distributed on an equitable basis between the parties concerned. The adoption of such pooling arrangements relieved the Courts and the Adjustment Commissions of a large amount of work and the farmers of a great deal of anxiety.[1]

Against the mortgage legislation it was urged that it might discourage investment in mortgages. This argument was of doubtful validity since investment in farm mortgages was discouraged by the unprofitableness of farming, rather than by legislative interference. In any case, the Acts were emergency measures due to the exigencies of the depression and not intended to remain after matters improved. Doubtless anomalies arose under the legislation but that is the unavoidable defect of any remedial legislation dealing with a more or less complex society. The Acts were necessitated by events while they aided very much the reduction of costs in the staple industry. Without relief legislation many farmers would have been forced off their farms, or faced with an ever-increasing burden of unpaid interest. Most farmers had lost what equity they had and some provision was necessary in order that essential repairs and improvements might be undertaken. At the same time the legislation had the effect of maintaining the value of land above its productive value at the lower level of prices. Further the legislation had been designed to meet a temporary need

[1] Cf. W. H. Cocker, " Note on Relief of Mortgagors in New Zealand ", *Economic Record*, December, 1934.

caused by the lower level of prices. As it became apparent that the lower level of prices was becoming a permanent feature of the farmer's economy some final and permanent adjustment of liabilities became desirable. The Rural Mortgagors Final Adjustment Act (1934–35) met this need.

The Act applies to a farmer only if he is a mortgagor under a mortgage to which the 1933 Act applies and only to mortgages executed prior to April, 1931, save that, if a farmer mortgagor is within the scope of the Act by virtue of one mortgage, then all the mortgages come under the scope of the Act. In order to come under the protection of the Act the mortgagor must file a notice giving a complete list of his debtors and creditors accompanied by a statement of his assets and liabilities. He is then removed from the protection of previous Acts.

The district Adjustment Commission next calls a meeting of creditors in order to arrive at a voluntary agreement. If three-fourths by value of the creditors agree to an adjustment, it becomes effective subject to a right of appeal by the minority to a Court of Review established by the Act. If no voluntary agreement is reached the Commission must decide whether a *stay order* is to be granted. If it is not granted the mortgagor is removed from the protection of the Act and his creditors may exercise their rights by ordinary course of law. In deciding whether a stay order is to be granted the Commission must have regard to the paramount object of the Act which is " to provide the means of giving the farmer mortgagors such relief from their financial obligations as will enable them to be retained as efficient producers, except in cases where the giving of such relief would involve the imposition of undue hardship on mortgagees or other creditors " (Section 32(2)). They are to consider whether the farmer mortgagor requires protection ; whether the financial position of the farmer would have been hopeless irrespective of the depression ; his conduct in respect of any breaches by him of the covenants of the mortgage and *other relevant factors*. The Commission is given very wide powers in order to avoid any injustice

to either party, and any party may appeal to the Court of Review against the decision.

A stay order is granted for a period of five years which, in certain circumstances, may be shortened. Under a stay order a trustee is appointed to receive any moneys payable to the mortgagor and to prepare a budget showing the estimated income and disbursements of the farmer in respect of his farming operations. Subject to such specific directions as the Commission may give, moneys should normally be distributed on the following plan :

(1) Reasonable living and working expenses.
(2) Rates and taxes.
(3) Rent where any land occupied by the mortgagor is held under lease, and
(4) Interest in order of priority of mortgages.

As soon as is practicable after the expiration of the stay order a final adjustment of liabilities is to be made. The productive value of the property is to be first determined by capitalising the net annual average income derived from the farm lands during the stay order at a rate to be determined by the Court of Review. The capitalised value of the land may be varied by taking into account the relative efficiency of the farmer, the extent to which the farm has not been used to its full productive capacity *and any other relevant matters*.

Subject to appeal by either party, the mortgagor's liabilities are adjusted to this final *basic* value. Any liabilities in excess are to be written off by priority of mortgage and are to be regarded as unsecured debts. If the Court decides that the mortgagor is not to remain in possession of the land by reason of his conduct during the operation of the stay order any mortgagee may take over the property subject to his becoming liable to prior encumbrances (exclusive of arrears of rent, interest, etc.), compensation being granted to the mortgagor on lines set down by the Act. If the mortgagor remains in possession the reduced mortgages are not payable within five years and are to bear interest at a pre-determined rate. Claims of unsecured creditors may be satisfied from any free assets of the mortgagor. If

within the period of five years the property is sold at a price exceeding the basic value, the Court may order that a portion of the excess, not exceeding one-half, be applied for the benefit of the mortgagees whose mortgages have been reduced, and after they have been paid in full, for the benefit of other creditors.

Naturally, the Final Adjustment Act has been subjected to much criticism. It was argued, on the one hand, that new legislation was not necessary for final adjustment, and, on the other, that the mortgage legislation should be scrapped and farm values left to find their own level. The existing legislation, however, did not provide for final adjustment nor were the Adjustment Commissions, whose powers were limited, attempting it. The orders of the Supreme Court and of the Commissions were purely temporary measures providing relief until the hoped for rise in export prices should come. To have scrapped the whole legislation would have meant chaos. It would have bankrupted the farmers and injured the financial interests who desired it. In any case to have completely reversed a policy which had proved beneficial would have been foolish. It is not suggested that the legislation is the best in the best of all worlds, nor that anomalies are unlikely to arise under it. Nevertheless, the Act does not lay down regulations of too rigid a nature. A great deal of discretion is left to the Adjustment Commissions while injustices are rendered less likely by right of appeal to a judicial Court of Review which can call expert advice to its assistance. It is far too early to pass final judgment on the Act but there can be no reasonable doubt that it will prove of great benefit to the farming industry as a whole and, it may be argued, of benefit to creditors in preserving their security.

V. The National Mortgage Corporation

Even before the crisis mortgage finance was in an unsatisfactory condition.[1] Where the farmer's long-term needs were met from State departments such as the State Advances

[1] See Prof. H. Belshaw, *The Provision of Credit with Special Reference to Agriculture.*

Department and the Public Trust Office mortgages were on a satisfactory basis. Loans were made for sufficiently long periods and were on a table basis; there was an adequate margin of security and rates of interest were reasonably low. It was vastly different, however, with private mortgages which formed 80 per cent. of the whole; the main sources of private credit being stock and station agents, private savings bank, etc., and individual investors.

There were considerable disadvantages associated with the provision of long-term credit by stock and station agents. On the one hand the stock and station agents were encouraged in unwise finance in order to obtain the farmer's custom, while, on the other, the farmer has been frequently tied to the stock-and-station agents for the sale of farm produce and for the purchase of farm requisites, sometimes obtaining lower prices for his produce than he might have obtained elsewhere. There were equally marked disadvantages associated with the financing of farmers by individual investors who, moreover, in the years prior to the crisis were becoming chary of lending to farmers. Rates of interest were high, partly because of risks and costs of management involved, while they varied from district to district, largely owing to an immobility of funds. Mortgages were usually " flat " mortgages for short periods under which the farmer made no attempt to pay off the principal of his loan. The farmer found costs of renewal high while his equity in the land might be entirely destroyed by a fall in prices and could only be increased by a rise in prices or by extensive improvements to his farm. Opinion was hardening in favour of some re-organisation of long-term finance; and both the Monetary Commission and the Dairy Commission were in favour of a national institution of some kind. Accordingly parliament enacted the Mortgage Corporation of New Zealand Act, 1934–35, establishing a National Mortgage Corporation. Its main features may be briefly described.

The Mortgage Corporation takes over the work previously done by the State Lending Departments but is safeguarded against any losses on mortgages taken over. It has a capital

of £1 million, half of which is allotted to the Minister of Finance and the remaining half spread over a large number of shareholders, no shareholder being permitted to hold more than 5,000 shares, dividend on which is limited to 4½ per cent. cumulative. The Reserve Fund is initially to consist chiefly of the investments of the Local Authorities Branch of the State Advances Office (now merged with the Mortgage Corporation) and of a contribution by the mortgagors of 2 per cent. on the value of his loan. Of this provision the Minister of Finance said, "The borrower can offer little valid objection to the proposal, for adding only 2 per cent. to a mortgage on a forty-year at 4½ per cent. will add only 1s. 1d. per £100 to the half-yearly charge for interest and principal, and he will save more than that through the reduction in interest rates as a result of the greater confidence of investors inspired by a Reserve Fund."[1] The Mortgage Corporation may issue bonds or stock to an amount not exceeding fifteen times the sum of the subscribed capital and reserve funds of the Corporation, securities so issued being a floating charge on all the assets of the Corporation. Bonds are given a trustee standing.

The Corporation can lend on first mortgage up to two-thirds of the value of the security as determined by the Board. Rates of interest payable on such loans are not to exceed by more than 1 per cent. the rate of interest payable by the Corporation on its last issue of bonds or other securities before the date of the mortgage. In general, loans so granted are to be table mortgages payable by half-yearly instalments within fifty years, though the mortgagor may pay back moneys additional to the half-yearly instalment.

The Directorate is to consist of four State directors, three shareholders' directors and an *ex officio* director from the Treasury.

The Mortgage Corporation has the advantage of starting business immediately on a large scale so that its unit costs

[1] See *Mortgage Finance: Proposals for Re-organisation*, p. 8; pamphlet issued by the Rt. Hon. J. G. Coates, Minister of Finance, November, 1934.

of management should be low while it will also have the advantage of an expert field-staff developed by the different state lending departments. It is, however, a semi-public institution not far removed from the influence of politics, and there is just the possibility that political pressure may be brought to bear on it to modify its policy in the interests of any particular party. Nevertheless, it is very probable that mortgage finance will be cheapened, placed on a sounder footing and it is hoped that it may be able to curb to some extent the inflation of land values during rising prices.

VI. The Future

As a result of measures taken to meet the crisis internally and as a result of improving conditions overseas there has been considerable improvement within the country as a whole. Banking statistics and building statistics point to increased activity. Except for the usual seasonal fluctuations employment has shown a marked increase. There has been a continued increase in the value of goods imported since 1932. Business profits have been greater and more prosperous conditions are reflected in a rise in the index number of share prices from a low point of 739 in 1931 to over 1,000 in recent months (1909–13 = 1,000).

The value of exports for the year ending March 31 last were very much higher than in the early years of the crisis though they showed a fall of 2 per cent. over the previous year. Export prices as a whole have risen considerably since 1930–31, but important and individual prices showed divergent and disquieting tendencies (see Table opposite).

Thus, though export prices as a whole have risen since 1931, of the important pastoral products only one—meat—has shown any continued improvement. It is true that this rise has been considerable but the future of meat prices cannot be foreseen. Wool prices are low. On the other hand, at the present time (November), butter prices are very much higher than last year, but the future of butter prices is uncertain.

The future of the export trades is difficult to forecast. Some immediate uncertainties have been removed by the

TABLE III

EXPORT PRICES, 1931–35

(Base: 1909–13 = 1,000)

Year.	*All Groups Combined.*	*Dairy Produce.*	*Wool.*	*Other Pastoral Products.*	*Meat.*
1931	984	989	679	767	1,301
1932	892	934	625	622	1,109
1933	896	834	671	755	1,165
1934	1,109	767	1,273	888	1,518
1935:					
Jan. . . .	1,037	778	795	761	1,637
Feb. . . .	1,082	876	781	799	1,637
Mar. . . .	1,090	871	801	921	1,625
Apr. . . .	1,041	776	783	868	1,621
May . . .	1,026	892	775	845	1,528
June . . .	1,038	795	848	985	1,502
July . . .	1,082	887	844	1,007	1,515

(SOURCE: *Monthly Abstract of Statistics*, August, 1935.)

recent meat negotiations. New Zealand butter is likely to remain free of any duty or levy in the United Kingdom until the end of 1936 while the Ottawa agreements ensure that, until November, 1937, New Zealand butter will enjoy a preferential margin of 15s. a cwt. over foreign butter. It is possible that some levy may be imposed on imports from New Zealand after 1936, or that some quantitative restrictions may be later introduced though this now seems much less likely in the case of butter. If levies or restrictive measures were to be adopted they would have severe repercussions not only on the farming industries but on the Dominion as a whole. In view of the restrictive measures and tariff policies adopted by other countries, New Zealand would find it difficult to rid herself of the surpluses diverted from the London market. The danger is the greater since pastoral production has shown such great increases of output of recent years. New Zealand might then be forced to re-organise the whole of her economy with the probability

of a lowering of her standard of living. The only hope is that further restrictive measures will be forestalled by a marked rise in the price level of agricultural and pastoral products—and that seems unlikely at the moment.

THE NEW ZEALAND CO-OPERATIVE ALLIANCE

BY

D. VON STURMER

IN the early part of 1933 a small group of Auckland people met one Sunday afternoon to discuss the possibilities of the Co-operative Movement in New Zealand. At that time there was no cohesion between the few societies (mostly in the South Island) which had survived a previous attempt to form a national authority.

As a result of that meeting, it was decided to form the New Zealand People's Universities Association. The objective of this body was to spread the knowledge of the co-operative movement with the idea of ultimately opening a residential college for the purpose of giving young people, particularly farmers, training in co-operative methods and outlook, along similar lines to those practised in the famous Danish Folk Schools.

Several meetings to further the objects of this association were held in the Fabian Rooms, Auckland, and were well attended. At one of these meetings we met Mr. J. H. Young, Manager of the C.W.S. Department of the National Dairy Association of New Zealand, who suggested that that organisation being itself essentially co-operative would probably assist in a practical manner in the development of the movement throughout the Dominion.

As a result of conversations that took place between the Manager of the N.D.A. and the Chairman of the People's Universities Association, it was decided to convene a conference of societies and others interested in the movement. This conference took place at Wellington in November, 1933, and after considering the matter thoroughly it was decided to establish a federation of co-operative societies to be called the New Zealand Co-operative Alliance. At

the same time, the delegates asked the N.D.A. to establish a merchandise department for the purpose of supplying goods to the existing societies and those it was hoped would soon come into being.

The National Dairy Association is a co-operative buying organisation owned and controlled by about 220 co-operative dairy factories, and it was hoped by the promoters of the Co-operative Alliance that the Merchandise Department would afford a common link between the farmers and the townspeople. That this hope was not without foundation was proved at the 1935 Co-operative Conference, when the N.D.A. placed the Merchandise Department, now known as the Co-operative Stores Wholesale Department, under the control of a committee of five members, three of which are appointed by the N.D.A. and two by the New Zealand Co-operative Alliance. At the same time the Societies were asked to take ten one-pound shares in the N.D.A. paid up to 10 per cent., but the shares did not carry voting rights and the two representatives appointed by the Alliance were subject to the approval of the N.D.A. The arrangement has not been in existence long enough yet to form a definite judgment of the possibilities, but in the common department we have a link between the producers and consumers, which should ultimately prove beneficial to both sides.

To return to the establishment of the Co-operative Alliance and its functions, in a Memorandum published in June, 1933, the ultimate objective of the New Zealand Co-operative Movement is the Co-operative Commonwealth —" the social state in which every citizen has equality of opportunity, both in fact and in theory, and in which the economic power of the individual will be proportionate to the social service rendered by the individual; the social state in which the aim of education is to create internal harmony in the individual and between the individual and the community in which he lives; the social state in which the forces of production and the bounty of nature are used exclusively to afford the means of giving effect to these objects."

It is hoped to gain this ultimate objective by means of

education and the establishment of successful co-operative undertakings in buying, selling and manufacturing in other fields. Broadly speaking, the Co-operative Alliance hopes to carry out in New Zealand, the same functions as those carried out by the Co-operative Union of Great Britain.

The Alliance commenced its educational campaign through its official journal, the *New Zealand Co-operator*, which, commencing with a circulation of 500 has now just passed the 3,000 mark after two years' existence. The effect of the propaganda and articles published in this journal has had marked results in arousing public opinion to the soundness of co-operative enterprise and the increasing inquiries being made at the Alliance office by mail, and personally, augur well for the future.

The Secretary of the Alliance has addressed over 200 meetings during the past two and a half years, and as soon as a society is established the officers of that society attend meetings of interested people in neighbouring districts and tell the story of co-operation there. In this way enthusiasm for the movement is being generated very quickly, and it is safe to say that within a very short time nearly every town in New Zealand will have its co-operative store. As may be expected, there is a certain amount of opposition to be met, but at the present time, with public opinion as it is, this does not present any great difficulty.

At the present time the C.W.S. is purchasing large quantities of New Zealand produce and it is the hope of the Alliance that a better reciprocal arrangement may be made in this connection, because it is felt here that New Zealand could do much more in the way of purchasing co-operatively made goods from Great Britain. In the past, the exchange has complicated this matter, but if the new Labour Government carries out its undertaking to reduce the exchange, it will be possible to land goods at competitive prices. There is another aspect, too, that has presented difficulty in the past, and that has been the arranging for the distribution of C.W.S. goods when they do arrive in New Zealand. As the movement develops, the ordinary trader is not anxious to handle co-operative wares,

and the only way to market them satisfactorily is through co-operative stores. As these stores become more numerous, the outlet for our own co-operative goods will be widened.

In its constitution the Alliance has made provision for the establishment of departments that will deal with specific problems, such as education, agriculture, labour and so on. At this stage it is impossible to develop these departments very far on account of lack of finance and the need for concentrating on the building up of societies. This work is being pushed forward as quickly as possible, as it forms the first phase of our co-operative development and is vital to subsequent developments. It is only through these societies that the Alliance can progress towards its ultimate goal. In order that the future progress of the movement may be assured, every inducement is given to young, enthusiastic and capable men to take a full share in the creation of societies.

Membership of the Alliance is open to any truly co-operative organisation but not to individuals. Fees are based on a percentage of net profit, with a minimum of £7 10s. and a maximum of £35 per annum. The Alliance is controlled by a directorate of seven, appointed by the delegates to the annual conference.

In conclusion it may be truly said that the Alliance is a child of the depression. Committees working under the jurisdiction of the Alliance came to very definite conclusions in regard to the causes of economic depressions and booms, and the Movement having now set its course is determined to go on with its work until it has done its part in the creation of the Co-operative Commonwealth.

WESTERN AUSTRALIA

BY

HON. T. H. BATH

ALTHOUGH prices for our main staples of agricultural production in Western Australia—wheat, wool and butter-fat—continued at a low level during the past season, the agricultural co-operative movement has made definite progress and further units have been added to the list of those that have reached a stable financial position. It is all the more remarkable when one realises that this improved standing has been achieved during a period of severe economic depression, and is eloquent testimony to the soundness of co-operative principles. When the factors potent in producing this progress are summed up, they are resolved into one that is outstanding—the ethical basis of better dealing. Grim experience has convinced co-operators that there is one great essential of success; co-operators must be taught that only on the basis of mutual honesty in "playing the game" can the movement avoid the losses and failures that have resulted when one section of farmers has been permitted to build up a big burden of unsecured debt to the co-operatives at the expense of fellow-members. Co-operative leaders now drive this point home with determined iteration, and the enforcement of a strict policy which embodies it, is responsible for a most encouraging co-operative recovery.

"A MAJORITY CELEBRATION"

The Co-operative Federation of Western Australia is the "Co-operative Union" of this remote outpost of Rochdale development, for it must be remembered that, although an agricultural movement, it still finds that important Pioneers' principles are vital in our development. In February of

each year the Federation holds its annual co-operative conferences and there is always a large and inspiring gathering of the stalwarts of the Movement. In February, 1935, the central organisation, The Westralian Farmers Limited, celebrated the twenty-first year of its existence, and this coming-of-age was made the occasion of a big public demonstration. The Lieutenant-Governor of the State opened the proceedings, and representatives of the Churches, Commerce, Industry, Banking, Labour and Women's organisations of various kinds attended on this special occasion. The celebration was very successful and the Co-operative Movement was the subject of some useful press publicity. A brochure was issued giving a concise history of Co-operation in Western Australia and including a tabulated statement of financial and trade figures for 49 co-operative units since the inception of each. The summarised record of these, during periods of existence ranging from seven to twenty-one years, but mostly about sixteen years, is as follows:

Number of Shareholders	16,391
Cash subscribed by members	£241,914
Total funds (including bonus shares distributed out of profits)	£614,960
Cash paid back to members—	
Interest on share capital	£171,040
Bonuses on trading	£141,982
Total	£319,022

The Total Turnover for period of existence, £36,586,512.

With three small exceptions, co-operation only exists among the agricultural population in Western Australia. When it is realised that the total number of people in the State is only 440,000, and that co-operation gains its support from a population which is less than one-third of these, I think it will be agreed that the farming population has made a very creditable showing in co-operative endeavour.

With the more intelligent recognition of the need for strict adherence to principles on the part of members now in evidence, I anticipate that results during succeeding years will be better even than in the past.

The following illustration show clearly the improvement in financial standing of co-operatives, brought about by a firm insistence on a much stricter basis of trading than the indulgence permitted before the economic depression descended on us.

It cannot be gainsaid that the goods supplied by co-operative trading companies to their members are as necessary to farmers in carrying on their operations as any other form of assistance rendered, but very seldom were they secured for debts contracted by clients.

When the depression came in 1930, secured creditors appropriated the proceeds of current crops, and refused to make any provision for unsecured debts, owing to co-operatives for past trading. In self-defence the co-operatives were forced to tighten up the condition of trading, with the result that many of them have been able to resume the distribution of co-operative benefits to members, to increase turnover, and to conduct business at a decreased cost and with better service to members.

In many instances shareholders who owed outstanding debts, and who were refused funds by secured creditors to make any payments on these, have been able by their co-operative earnings to reduce these debts, the *sine qua non*, of course, being a continuance of their support on the new trading basis laid down.

Some illuminating samples, out of many, of this co-operative method of old debt reduction are given :

CASE A

	£	s.	d.
Outstanding account, 1930	23	10	11
Credit : Dividend and bonuses to October, 1933	17	16	5
Balance owing old account	£5	14	6

CASE B

	£	s.	d.
Outstanding account, 1930	44	13	0
Credits : Dividend and bonuses to October, 1933	29	3	7
Balance owing old account	£15	9	5

Since the year 1933 there has been a further payment of dividend and bonus in the case of these co-operatives and these old debts have been further reduced. In time they will be wiped out completely by this method.

Possibilities for Extension

There is still a big field for co-operative extension. An important Royal Commission, appointed by the Federal Government of Australia, has just completed an exhaustive investigation of the economic condition of the wheat-growing industry of Australia. The report is not reassuring, as it discloses the existence of a big load of debt owing by Australian wheat-growers, both secured and unsecured, to Government instrumentalities, trading banks, insurance companies, and other creditors. All co-operative companies are creditors for varying amounts and their debts are mostly unsecured.

The report of the Royal Commission indicates further that many wheat-growers are producing at a loss under the handicap of the present low level of prices. It must be remembered, though, that a very large proportion of the indebtedness on wheat farms was contracted during the period when much higher prices ruled for agricultural products. The wheat-grower produces one crop a year, and with the ordinary method of selling to a private dealer and receiving the full proceeds at one period, it tends to produce a shiftless attitude in business dealing. The farmer is inclined to be over confident in spending at the time of marketing his crop and to incur liabilities and tie himself up with liens and hypothecations as the lean period preceding the next crop approaches.

The result is that he ceases to be a free agent. To secure his seasonal requirements in fertilisers, containers, machine parts, etc., he gives security over the coming crop and private dealers decide how he shall market it, and from whom he shall purchase his requirements. Such a bondman has no freedom to support co-operative business even if he feels the inclination, nor is he permitted to market through co-operative agencies.

There has been a regrettable increase in the number of farmers who are tied in this way, and the Voluntary Co-operative Pool—The Wheat Pool of Western Australia—finds by experience that it is often barred from securing the support of growers who are under this kind of durance.

Co-operative Handling of Wheat

In my contribution to the 1935 *Year-Book* I gave some details of the system of Co-operative Bulk Handling of Wheat, installed through the efforts of The Westralian Farmers Ltd. and the Wheat Pool of Western Australia. During the season mentioned, 1933–34, this new co-operative entity known as Co-operative Bulk Handling Ltd., established facilities at 53 railway points and received 11 million bushels. During the season 1934–35, when the State wheat output was 10 million bushels less, Co-operative Bulk Handling operated at the same 53 sidings and received 10 million bushels. The Co-operative was prepared to extend these facilities to many more sidings if the necessary land could have been leased from the State Railway Administration, but the State Government vetoed any extension and appointed a Royal Commission to make an exhaustive investigation and report on the Co-operative system.

This Commission has just issued a voluminous report in which the work already done is vindicated and approved, and a recommendation made that Co-operative Bulk Handling Ltd. be permitted to extend facilities to other wheatgrowing districts of the State.

The Royal Commission estimates the saving to farmers who used the system in the 1933–34 season, and who delivered 11 million bushels to the bulk handling installations, at £115,575. An equal saving to farmers will result from the operations during the 1934–35 season, so that over a period of two years, and as a result of a capital investment of £160,000, Co-operative Bulk Handling Ltd. has saved those farmers who were fortunate enough to be able to use the facilities provided, a total saving of £230,000.

This financial saving does not exhaust all the benefits as there is an easing of arduous labour, and economy in

the farmers' own time. As there are over 200 other railway points to which bulk handling facilities could be extended readily, it will be realised how much benefit the wheat-growing community as a whole will receive when this voluntary co-operative organisation is permitted to serve them. It may be added that the co-operative system of bulk handling adopted in Western Australia is the most economical in capital cost and the lowest in cost to the farmers using it of any bulk handling system operating in the grain-growing countries of the world.

Co-operative Education

The scheme of lessons for town and country co-operators initiated by the Co-operative Federation in 1934, is being continued in 1935. The first series dealt with the theory and practice of co-operation, and that of the present year is devoted to an exposition of various co-operative marketing methods. This educational series is being used by co-operative directors, managers and employees, and also by members of co-operative units.

It is interesting to note that there is a very encouraging revival of interest in co-operation during the past twelve months. A number of new units have been organised, the idea being to make a start on a more modest basis, and with greater assurance of the bona fides of the founders, than has often been the rule with more pretentious beginnings that have come to a bad end.

NEW SOUTH WALES

BY
A. B. SHELDON, LL.B.
Secretary to Co-operative Advisory Council

THE trend of co-operative organisation in the primary industries in New South Wales has continued along the lines to which reference has been made in comments appearing in previous issues of this publication, *i.e.* purely voluntary effort moves too slowly to keep pace with the ever-changing economic situation, both internal and external, and as those changes are due rather to artificial than to natural causes similar methods are called for to meet them. Thus statutory regulation or control continues increasingly to be superimposed upon existing voluntary co-operative institutions. The policy of encouraging the expansion of certain primary industries which had been adopted by the State for a number of years resulted in production reaching its highest point at about the time when most other countries as part of the plan to solve their economic problems introduced restrictions on the importation of primary products. As the local market had reached saturation point even before the era of increased production, it will be appreciated that whatever difficulties may have existed in meeting normal competition, arising out of the high standard of living in the State coupled with its distance from the most profitable overseas markets, have been greatly accentuated by the general erection by other countries of artificial barriers. It often becomes a question not of whether this State's products can profitably compete on the overseas market, but whether they will be allowed to compete at all. It thus becomes inevitable that the State should step in and either supplement or displace the existing machinery for the marketing of primary products. It is the considered views of many that even State action is moving too slowly

and without sufficient definiteness of purpose. That this may be so is probably due to the fact that the administration has endeavoured to give effect to the wishes of the various branches of the primary industry and difficulty is experienced in ascertaining what those wishes are. The principles of democratic government are so strongly implanted in the community that they are extended to all phases of the administration. Without entering into a discussion of this aspect of political science it seems that the welfare of any particular industry is so much a matter of national importance that a government is justified in these days in moving on its own initiative—particularly where various and divergent action is advocated by conflicting interests in that industry. Be that as it may the position is that the Government of the day has endeavoured to regulate each section of the primary industry only along the lines of what appears to be the dominant desire of those engaged therein.

This policy underlies the legislation that has been introduced to regulate each of the butter and dried fruits industries. It is the principle upon which the Marketing of Primary Products Act is based as also the proposed legislation to control the citrus fruit industry. It accounts for the absence of any statutory control in regard to meat, wheat and wool even when oversea restrictions appeared likely to cripple those industries. Rural co-operation continues to confine its activities to the local unit of organisation. Advisedly is this the case as the problem arises out of the fact that even State control presents almost insuperable difficulties legal and practical in regard to products of which the other States of the Commonwealth are considerable producers. With the added and ever increasing complexities incident to export overseas it is not thought that any known system of voluntary co-operative control of the whole machinery would be found adequate. It is fortunate for the State that a succession of good seasons has compensated to some extent for low prices that have ruled for the past six years.

Though not directly related to the co-operative movement

certain legislation to which the dislocation of economic conditions has given rise is indirectly of interest to co-operative organisations and of direct concern to their members. The Moratorium and the Interest Reduction legislation to a certain extent, and the Farmers' Relief Act to a much greater degree come within this category. The names of the two former Acts express their purpose. The Farmers' Relief Act contains many novel features, all of which are designed to give effect to the basic principle underlying the Act, *i.e.* that if a farmer's assets warrant the belief that they will afford a means of livelihood under normal conditions, it is to the interest of the State that they should be preserved to him during the periods of economic stress. In carrying this out it is sought to apportion equitably the burden and benefit amongst the various parties concerned, e.g. the farmer himself, his secured and unsecured creditors, other parties to contracts with him, and the Crown. A supervisor is appointed to see that the provisions of the Act are complied with in each case after a " stay order " has been obtained by a farmer. The opinion has been expressed by many in a position to form a competent judgment that this Act is a well-conceived piece of legislation and has proved a very considerable factor in staying the drift which had been setting in in the rural industries. It is admittedly purely a temporary expedient, which however might be said of practically all measures that have been taken to meet existing conditions.

Mention is made earlier of proposed legislation to control the citrus industry. Briefly it contemplates that with the assent of a majority of the growers a board consisting wholly of growers' representatives shall have certain powers to regulate and control the marketing of citrus fruits. As with most similar legislation the proposal has engendered considerable opposition—particularly from those growers who on account of various circumstances are likely to be better off with an open than with a controlled market. Without discussing the politics of this question the fact remains that voluntary co-operation in the citrus industry has weakened under the stress of marketing and other

difficulties and a continuance of the policy of *laissez-faire* can only result in a large proportion of the growers being crowded out of the industry.

Recently the banana-growers by a narrow majority decided to come under the Marketing of Primary Products Act. This industry, like the rice-growing industry, already under that Act, lends itself peculiarly to organisation along these lines as all growers are resident within a comparatively small radius and the majority are in somewhat similar circumstances socially and economically. The history of the banana-growers is a repetition of that of the rice-growers in that they first of all organised voluntarily as a society under the Co-operation Act and within their sphere of operations carried on successfully, but desiring to embrace all growers and obtain complete control they substituted what is in effect compulsory co-operation for existing voluntary machinery.

The egg-producing industry within certain districts in the State—being the areas of the greatest production—is still under the Marketing of Primary Products Act. Following on a legal decision certain powers exercised by the Egg Board were of doubtful validity and the Board resorted to voluntary pools until amending legislation was passed to clear up these uncertainties.

The butter stabilisation scheme based on Acts of the Commonwealth and State Parliaments to which reference was made in last year's issue of this publication is now in full operation. Without laying claim to any particular magic the scheme seems to have achieved all that was expected and to have arrested the growing discontent arising out of the fact that under the Patterson scheme which it supplanted a number of factories were reaping the full benefit of a controlled local market without making any contribution to the expenses involved therein. All are now compelled to make a proportionate contribution.

The quota system for certain dried fruits seems to have had similar results.

Whatever practical effect schemes of this nature may have, their psychological effects are considerable in removing

the sense of dissatisfaction that inevitably arises when the returns to different growers for the same product present considerable and unexplained variations.

No definite move was made during the year to introduce any form of control in regard either to wheat or wool. Both these industries are still marking time. Government subsidies have acted as a temporary palliative in regard to wheat and an improved outlook raised the hopes of the wool-growers. Though these hopes were not altogether realised the belief persists that the existence of artificial barriers is the chief evil affecting the wool-grower, further, that wool is a necessary world commodity, and as there is no glut in supplies, a very slight lessening of the straining of economic laws will go a long way towards restoring wool to its former safe position. This opinion is sustained by the hope if not the belief that the present wave for national individualism can only be a passing phase—the fallacy of which will be established with a short experience of its effects.

Co-operative organisation in the meat industry still continues to be confined to certain local units though a society with a more ambitious outlook commenced to operate during the year. The local units consist mainly of bacon curing factories as an adjunct to butter factories. Many dairy farmers raise pigs as incidental to their dairying and other farming and as a corollary their butter factory undertakes the curing. The difficulty with which these factories have to contend is that the buyers of certain concerns which specialise in the curing of bacon and its allied products canvass the farmers and with the offer of a slightly better price for special pigs than is obtainable at the local factory for all classes and with the added inducement of cash on delivery are able to secure all the most suitable pigs. The higher price that these special lines command when cured enable these concerns to offer a better price to the grower than the factory can over all. A move to meet this competition was made by the formation of a centralised co-operative society to specialise in bacon curing with the object of placing a standard product on the market. This society

Year.	No. of Societies.		No. of Members.	Liabilities.			Assets.			Turnover.
	Registered.	Making Returns.		Share Capital.	Balance of Surplus and Reserves.	Other Liabilities.	Land, Buildings, Plant, etc.	Stock.	Other Assets.	
				£	£	£	£	£	£	£
1925–26 .	64	41	6,547	107,252	58,379	254,317	245,135	63,142	111,671	1,428,739
1926–27 .	90	82	13,490	235,960	98,295	513,906	549,974	75,742	222,445	2,676,168
1927–28 .	102	81	23,487	385,488	302,954	974,078	872,623	299,404	490,493	5,652,472
1928–29 .	107	89	24,973	449,783	429,131	1,139,643	1,045,387	377,570	595,600	7,848,368
1929–30 .	115	92	38,498	834,816	643,826	1,733,067	1,645,412	528,638	1,037,659	14,769,572
1930–31 .	118	98	43,941	883,834	675,822	1,698,411	1,739,770	452,559	1,065,738	14,060,694*
1931–32 .	119	102	44,904	906,029	718,380	1,483,682	1,716,488	390,346	1,001,257	12,636,524*
1932–33 .	125	108	46,970	925,473	730,134	1,422,924	1,728,245	383,070	967,216	11,679,129*
1933–34 .	132	112	47,420	956,091	781,612	1,586,788	1,759,247	421,631	1,143,613	12,353,961

Returns were not due from certain Societies, the first financial years of which did not expire until after the close of the year.

* This decrease is due principally to the drop in prices.

has not yet commenced active operations. Co-operative organisation in regard to beef and mutton is confined to a few small societies in country communities which kill for the local market. One society was established in a country town to operate cattle sale yards for purely local purposes. Quasi-government Boards conduct the bulk of the cattle slaughtering in the State both for the State and the export market and there is thus no scope for co-operative effort in that direction. The meat industry might be said to be in much the same position as the wheat industry—*i.e.* the problems to be solved in regard to marketing are beyond the control of those interested in the industry and involve matters of international arrangement. The outlook in regard to markets has for many years remained so uncertain that local organisation can have but little bearing on it.

The foregoing covers the principal primary products of the State. Summed up it may be said that the outlook generally in these industries and in relation to their co-operative organisations shows more promise of reaching a stabilised position than it did a year ago even though that position may not be such as to place them on the same plane as they were before 1929.

The figures appended suggest that the decline that commenced in 1929–30 has been arrested. The factors that affect these figures are, however, so numerous and vary to such an extent from year to year that it is unsafe to attempt to draw any very definite conclusions from them. Supplemented however with data from other sources in regard to production and prices the opinion is held that they are, in fact, a fairly reliable reflection of the actual position.

The figures are in respect of registered agricultural co-operative societies in the state.

QUEENSLAND

As the pioneer of agricultural marketing boards and "compulsory co-operation" generally, Queensland has always had a special claim on co-operative attention. The following particulars are extracted from the report of the Department of Agriculture published in 1934. In that year 13 additional voluntary co-operative associations were registered, making a total of 183 associations and one federation registered under "The Primary Producers' Co-operative Associations Acts, 1923 to 1926." Since the Acts came into force several associations have amalgamated, several associations have amended their rules to meet the changing circumstances, and there are other associations considering the question of amalgamation with a view to securing more economic working and further co-operative efficiency. The voluntary co-operative movement has thus maintained itself alongside the compulsory Pool.

The number of Pool Boards now functioning in Queensland is 15. At the request of the producers of plywood and veneer, a Pool was formed in connection with those commodities in 1933.

It is generally conceded that the production of particular commodities is no longer the principal agricultural problem of today. The marketing of commodities at prices payable to the producer is the outstanding problem. Throughout the year 1933–34 the Marketing Branch of the Department of Agriculture obtained particulars of the prices realised on the different markets, and it was found that organised collective marketing provided a means whereby an attack could be made on the difficulties of profitable disposal of primary products.

The pools now operating in Queensland are as follows:

Arrowroot, constituted in 1922 without any opposition. In 1933 the quantity of flour manufactured was 707 tons.

The Board had to meet competition by coming down to the level of the prices offered by dissenting millers who endeavoured to make direct sales. At a conference between the Board and the millers who were signatories to the 1933 agreement, the latter expressed their appreciation at the satisfactory manner in which the Board had handled their affairs and decided unanimously to enter into another agreement for three years, commencing with the 1934 season. The negotiations for the financing of the 1933 crop were successfully concluded with the Bank of Australasia.

Atherton Maize, constituted in 1923 without any opposition; renewed in 1932 by a 56⅔ per cent. majority. The total quantity of maize delivered to the pool during 1934 was approximately 4,000 tons in excess of that received during the previous season. The total payment to growers was less than that of the previous year, but the handling charges of the pool for the year, also showed a decrease of 3s. a ton. The Board had been successful in obtaining from the Government a loan of £15,000 for the purpose of providing additional storage accommodation. The work was completed and the Board enabled to handle the large crop of last season without difficulty.

Barley, constituted in 1930 by an 81 per cent. majority. Deliveries for 1932–33 amounted to 77,630 bushels. A quantity of malt was undelivered at June 30, and, in order that the final payment to growers should not be delayed any further, it was decided to carry over the surplus. Excessive damage by hail was experienced during the 1933–34 season. The Board was again successful in obtaining a contract for the sale of a quantity of prime malting barley at the same price as last year and arrangements were also concluded for the sale of 40,000 bushels of malt.

Broom Millett, constituted in 1926 without any opposition; renewed in 1929 and again in 1931 without any opposition. During the period December 1, 1933, to February 8, 1934, owing to the uncertainty of the crop, complete control was not exercised. However, as large quantities commenced to come onto the market about this time, the Board decided to exercise full control as from February 9, 1934.

Within the year the Board instituted a different basis of payment to growers, and new grade descriptions were adopted. Arrangements were made with agents in consideration of the receipt of a further 1½ per cent. commission, to make an advance of £10 per ton on all millet held in store on February 9, 1934, and also to pay a first advance at the same rates on all receivals subsequent to that date, such payment to be made as soon as possible after delivery. Upon there being a surplus of funds from sales, over and above the total of the first advance, freight and other charges, a second advance was to be made.

Butter, constituted in 1925 by a 75 per cent. majority; renewed in 1928, 1931 and 1934 without any opposition. As the term for which the pool was created expired on June 30, 1934, growers were given an opportunity to decide whether or not the pool should be extended for a further period. A petition requesting that a ballot be taken on the extension or otherwise of the pool was not forthcoming, and on June 29 last, an Order in Council was issued extending the operations of the pool until February 7, 1935. The term of office of the members of the Board was also extended to that date, which coincides with the date of expiration of the term of office of the members of the Dairy Products Stabilisation Board.

As a result of the rapid expansion that had taken place in the dairy industry within recent years, it had become more obvious that as production continued to increase in volume there simultaneously occurred a proportionate reduction in the financial benefits to be derived from the application of the principles involved in what is known as the Paterson Scheme. With the advantages of this scheme rapidly approaching vanishing point, the industry had reached such an unfavourable position in January, 1933, that those prominent in the industry in the various States were called together for the purpose of discussion as to the ways and means whereby there could be effected some improvement in the returns to dairy farmers.

The two main points of view as expressed at the conference were: (1) The legalising of the Paterson Plan;

and (2) Commonwealth and State legislation to provide for equalisation of prices on an Australian basis. It was found subsequently that constitutional difficulties would have to be overcome to give effect to either proposal.

A further conference was convened in April, 1933, and a committee was formed to consider the possibility of giving effect to the decisions arrived at and to investigate the applicability of the dried fruits legislation to the dairying industry. The outcome of these investigations was that before the end of the year legislation was introduced by the Commonwealth Government and the Governments of Queensland, New South Wales, Victoria and Tasmania. This legislation, which is almost identical in the four eastern states, provides that the manufacturers shall sell a prescribed percentage of their manufacture within the state.

The Commonwealth legislation prevents undue interstate competition by ensuring that before any manufacturer transfers butter interstate he must have satisfied the Commonwealth authorities that the export quota as fixed for the time being has been met. Taken in conjunction, the State and Commonwealth legislation provide that every manufacturer in the Commonwealth shall secure only his fair share of the better local market which stabilisation makes possible.

A Dairy Products Stabilisation Board has been established in Queensland, and comprises all members of the Queensland Butter Board, together with two members of the Cheese Board. The Board has been appointed for one year as from February 8, 1934, and, subject to a confirmatory vote of the dairy farmers throughout the Commonwealth, the provisions of the Acts may continue in force for a term of three years. The ballot is to be taken upon this matter.

It was found necessary to establish a type of voluntary organisation to maintain stability on the local market by an equalisation of prices. For this purpose there has been formed a Commonwealth Committee which has been registered under the Companies Act of New South Wales under the title of " The Commonwealth Dairy Produce Equalisa-

tion Committee Limited." This company entered into agreements with manufacturers of dairy produce within the states where legislation had been introduced. There is doubtless a great deal to commend this method of equalisation, as without any system of organisation in the matter of price maintenance the Australian market would be dominated by London parity. With values ruling as they are at present in London, the effective price in Australia would not exceed 80s. per cwt., whereas through the equalisation plan, the industry is able to maintain a value of 140s. per cwt., or £60 per ton better than London parity. Between 70,000 and 75,000 tons of butter are sold annually on the Australian market, and it will thus be seen that the plan is worth approximately £4,500,000 per annum to the dairy farmers of the Commonwealth. The total quantity of butter produced during the year ended June 30, 1934, was 2,212,707 boxes (each of 56 lbs.).

Canary Seed, constituted in 1926 by a 75 per cent. majority; renewed in 1930 and again in 1933 without opposition. The 1933–34 season's receivals by the Board will probably result in a carry-over of about 250 tons, based on the total Australian requirements of approximately 1,500 tons per annum. After consideration of all the factors the Board has recommended to growers that acreage should not be unduly increased for the coming season at least.

The difficulties presented by section 92 of the Federal Constitution may further affect the position through the actions of a few ill-advised growers who, during the past season, took advantage of the stabilised price created by the Pool, offered canary seed in the Southern States—the principal market for the commodity—and accepted lower prices than the Board. Should this continue, difficulty may be experienced by the Board in its endeavours to maintain the price for its better-grade seed.

Cheese, constituted in 1923 by a 91 per cent. majority; renewed in 1925, 1927, 1930, 1933 and 1934 without opposition.

The past year has again been a most difficult one for producers, owing to the continued decline of values on all

markets. During the year under review the gross average price was 6·7d. per lb., which shows a decrease of ·4d. per lb. on last year's figure. The following is a dissection of the disposals of cheese on the various markets during the past year:

Market.	*Per Cent.*	*Average Price per lb. (d.).*
East	1·6	5·82
Interstate	17·5	6·98
Process	9·9	6·50
Local	19·2	8·97
Export	51·8	5·84
Total	100·0	6·70

Cotton, constituted in 1926 without opposition; renewed in 1931 without opposition. 1934 Season—The record production of cotton up to the present season was 11,957 bales, this being the out-turn from the crop of the 1925 season. The 1934 season, however, created a new record, the total production to June 30 being 12,929 bales. It was estimated that the final out-turn of raw cotton would not be less than 17,000 bales. First advance payments were made to growers as soon as the cotton was received at the ginnery, varying from 2·6d. per lb. to 1·5d., according to grade and staple class. The first advance payment included the Commonwealth bounty.

Eggs, constituted in 1923 by an 87 per cent. majority; renewed in 1925 by a 73 per cent. majority; renewed in 1926 by a 66⅔ per cent. majority; renewed in 1929 by a 70 per cent. majority and again in 1933 without any opposition. During the year growers were given an opportunity of taking a vote on the question of the continuance or otherwise of the operations of the Pool, but as no petition for a ballot was received, the Pool was extended for a period of five years—from January 1, 1934, to December 31, 1938.

Supplies of eggs to the Board and its agents during the year under review exceeded by 7 per cent. the figures for the previous twelve months. The southern states also reported that increased quantities of eggs had been handled

by them during the year. With an increase in production throughout the Commonwealth, the average net returns to growers were less than last year, consequent on lower market values ruling both in Australia and the United Kingdom.

Apart from its marketing operation, the Board has interested itself in many matters of importance to the poultry industry. It has taken an active part in the work of the Egg Producers' Council, an organisation comprised of the chief egg interests and egg exporters in the various States. It is hoped that through this organisation control of surplus production and co-operation with regard to overseas exportation and the acquirement of the necessary packing material will be accomplished.

Fruit.—A Committee of Direction of Fruit Marketing was constituted under special legislation in 1923 for a period of three years. The Act provided for a ballot being taken at the end of the three-year period in the event of 500 growers demanding such a ballot, but until 1929 no such petition was received. The continuance of the Committee of Direction of Fruit Marketing for a further period of five years was affirmed by the growers in December, 1929, by an 87 per cent. majority.

The provisions of "The Fruit Marketing Organisation Acts, 1923 to 1930," have applied to the fruit industry throughout the year, and the Committee of Direction of Fruit Marketing has continued to function. The Committee has handled bananas, pineapples, hard fruits, citrus fruits, figs, paw-paws, passion fruits, strawberries and tomatoes. It has managed the revolving funds established for the benefit of the banana and pineapple-growers and the pineapple canners.

Banana Section.—The past year has again proved the success of the scientific method of ripening bananas. During the year it was found necessary to increase the capacity of the plant by the erection of seven new rooms. The value of the process has been further demonstrated by the fact that a proprietory company has erected a plant consisting of seven rooms with a capacity of 700 cases. Supplies throughout the year have been heavy, and prices have

been at times very depressed. The Committee will soon be able to offer to the Melbourne trade the same modern scientific ripening facilities as obtain in Brisbane and Sydney.

Pineapple Section.—Towards the end of 1933 the Committee of Direction took a census of the pineapple industry, which disclosed that a big increase in bearing acreage could be expected in 1935 and 1936, with a correspondingly big increase in production; 1933 proved to be the biggest production year experienced in the industry.

Owing to the large stock of canned pineapple held on the Australian market, practically the whole of the crop was processed for overseas markets. To assist in overseas sales, the Committee was again successful in securing a grant of £20,000 from the Fruit Industry Sugar Concession Committee. In view of the difficult stock position, both in Australia and overseas, the growers, as bona fides of their wish to put their industry in order, agreed to forgo 6d. per case on their cannery payments, which should be used to create a fund to supplement the grant from the Fruit Industry Sugar Concession Committee should overseas sales result in a greater loss than £20,000, the fund to be drawn on in the same manner as the sugar industry grant and only should the £20,000 be exhausted. The voluntary creation of the fund by the growers ensured the absorption by the canner of all fruit of canning size.

Sales on the English market have been entirely satisfactory. The Canadian market was, however, curtailed by the loss of preference in duty over the cheap Singapore article. The reopening of the New Zealand market to Queensland pineapples was greatly appreciated by the industry, and the trade is now again well established.

Deciduous Section.—The crop of deciduous fruits proved not to be so heavy as that of the previous season. *Apples* —in an endeavour to stabilise the local market, the growers adopted a scheme of voluntary export. Under the scheme a levy of 1d. per case was imposed on all apples marketed from the district and from the fund created by the levy a bonus of 1s. per case was paid to every grower who sent apples overseas " on consignment." As a further assistance

to growers exporting, an advance of 4s. per case on consignments sent via Brisbane, and 3s. per case on consignments sent via Sydney was made at the time of railing from the district. This advance was deducted from the growers' overseas realisations to hand some two to three months later. A total of 46,027 cases of apples was exported from the district during the season, representing an increase in 14,256 cases on the quantity exported last season. £1,030 has already been distributed in bonuses from the export fund, and a recommendation was brought forward that growers who consign overseas be guaranteed 5s. per case. This would mean a further call on the export fund, but would ensure growers, who took the risk of export in order to stabilise the local market, receiving at least local parity for sales which did not realise this figure overseas.

Trade in Growers' Requisites.—This trade has grown. considerably throughout the year. The trading list is a very wide one, but the principal goods supplied are fertilisers and spray materials. The Committee of Direction aims at giving growers requisites at the lowest possible price, and the rapid growth of this trade has demonstrated that the service is satisfactory and keenly appreciated by the growers.

Pineapples, Citrus and Pawpaws.—The advertising campaigns conducted for the various fruits have been greatly assisted by the willing co-operation of the Departments of Education of Queensland, New South Wales, Victoria and South Australia, which co-operation is keenly appreciated by the Committee of Direction. The educational pamphlet, usually issued as part of any advertising campaign, accompanies the poster, and this is generally read by the classes as a lesson. The committee believes that the impression the child mind receives of the health value of fruit from this lesson and the poster is most valuable publicity which has an immediate and lasting effect.

Honey, constituted in 1929 without any opposition, and renewed in 1934 by a 59 per cent. majority for a period of five years. In October, 1933, there was a glut on the

local market of second-grade honey, and difficulty was experienced in disposing of it. It was decided, from April 1, to reimpose the general levy of 1½ per cent. which had been suspended. The Board also withdrew the general exemption on direct sales by growers to local consumers and retail vendors. Individual applications will, however, be considered on their merits.

Northern Pigs, constituted in 1923 without any opposition; renewed in 1926 without any opposition; renewed in 1931 by a 56 per cent. majority. During the year ended June 30, 1934, the Board handled 8,396 pigs, or 358 less than last year. Of the total number handled, 7,246 were classified as first grade, 795 second grade, 131 third grade, and 224 small goods. The total amounts distributed to farmers during each of the last five years for pigs supplied are as follows:

	£
1929–30	33,747
1930–31	23,812
1931–32	20,297
1932–33	16,567
1933–34	17,473

The year's transactions of the Board show a small loss which they claim is mainly due to the low supplies of pigs restricting trade, and causing an increase in overhead costs.

Peanuts, constituted in 1924 without any opposition; renewed in 1925 without any opposition; renewed in 1926 by a 90 per cent. majority; renewed in 1930 by an 85 per cent. majority. Plantings for this season were heavy, the estimate being 10,000 acres, which is the second-largest planting in the history of the industry. Seasonal conditions also were good, and a heavy crop resulted.

As several of the growers in Central Queensland desired to market their crops this season, independent of the Board, through the medium of their own co-operative association, a depot was not established at Rockhampton this year by the Board. It is to be regretted that all peanuts produced in Queensland are not marketed through the medium of one growers' organisation, gaining thereby the benefits of

stabilised prices, for which the Board, since its inception, has striven and been able to maintain up to this year. Competition from this source and on the part of some growers who took advantage of the Board's stabilising effects and the protection of section 92 of the constitution by making direct interstate sales at lower prices, has had the effect of disturbing the market.

Plywood and Veneer, constituted in 1934 without any opposition. On May 3, 1934, an Order in Council was issued whereby plywood and veneer produced for sale in that portion of the state south of the twenty-third degree of south latitude for a period of one year were declared to be commodities under the Primary Producers' Organisation and Marketing Acts. There are ten elected representatives of the growers on the Board and persons who are deemed to be growers are those persons who own plywood and veneer plant and have produced plywood and veneer for sale. Satisfactory progress has been made to date, but owing to the short period for which the Board has been functioning it is impracticable to submit a report on the Board's activities.

Wheat (under the Wheat Pool Acts), established in 1921 by a 97½ per cent. majority; extended in 1924 by an 89 per cent. majority; extended in 1928 without any opposition, and again extended in 1934 without opposition.

1933–34 season.—As the period for which the Pool was gazetted did not permit of its functioning after the cessation of the 1932–33 season's operations, a proclamation was issued last December extending the term for a further five years. Growers were, at the same time, given the opportunity of petitioning for a ballot to be held on the question. A petition was received, but fell short of the required number of signatures, even though, at the request of a number of growers, a further two weeks beyond the primary date for its receipt were allowed. Favourable rains in the early stages of the 1933–34 season were responsible for the prospects of a record yield, but excessive wet weather during the harvesting period resulted in anticipations not being realised. Receivals into the Pool totalled 3,945,104

bushels of wheat, comprising 3,521,391 bushels of milling and 432,712 bushels feed.

During the year the amount of wheat exported overseas was 67,308 bushels, spread over four shipments, and the respective prices realised per quarter for the first three consignments were, in English currency, 18s. 9d., 19s. 3d. and 19s. 9d. Arrangements were again made with the Rural Credits Department of the Commonwealth Bank for finance for the 1933–34 season's crop, thus enabling the payment to growers, on delivery of their wheat to the Board, of a first advance of 2s. per bushel on standard quality No. 1 milling wheat, with premiums and dockages on other grades. The bank also advanced to the Board 3d. per bushel for expenses. To those growers whose crops sustained hail damage a first advance has been made on the same basis as outlined above, less 9d. per bushel, considered to be the equivalent of the costs incidental to harvesting and which would have been incurred had no damage been sustained. Hail compensation was payable on 145,062 bushels.

No primary product can claim to have made any material advance in value within the year but, generally, values have been comparatively uniform, and the marked downward tendency of the markets universally experienced in the former year has been arrested and a tone of increased stability in prices has been established

Pool Boards have not been neglectful of the benefits to be gained by marketing the commodities in a form that meets with the approval of purchasers, and merchants have not failed to appreciate the advantages of being placed in the position of being able to obtain products through the channels of marketing organisations. The fact that Pool Boards arrange for the classification of the commodity into its relative grades of quality prior to sale is but one of the many advantages that collective marketing makes possible.

It is necessary only to instance the difficulties that would be experienced in the marketing of the crop of cotton in the absence of an organised marketing system, and to

realise the chaotic position that would arise by farmers individually attempting to make sales of the raw product in the form that it leaves the farm.

There are numerous commodities that might be marketed to greater advantage in a processed or changed form, such, for example, as the conversion of barley into malt, wheat into flour, maize in the form of starch or glucose, etc. Several of the Pool Boards are giving consideration to these phases of activity as affecting the sale of raw products in which they are concerned. Undoubtedly this is a field worthy of investigation by Pool Boards handling primary products that are suitable for and responsive to such treatment.

An additional field equally worthy of the earnest consideration and investigation by practically all Pool Boards, is the matter of the economics of the particular primary industry in which the Board is specially interested. One of the main functions of the Pool Boards is to effect the sale of the commodity at a figure that is satisfactory to the producer and reasonable in price to the consumer. The adjustment of prices in conformity with these intricate and exacting conditions is not possible without a careful study being made of the economics of the primary industries. Several of the Pool Boards have given consideration to this matter along the lines indicated, but the matter is of such outstanding importance and urgency as to merit increased attention being devoted to it in the immediate future.

WESTERN CANADA

BY

J. T. HULL

ALTHOUGH the world wheat situation is still a matter of grave concern to Western Canada, not only with respect to the huge stocks of wheat held in the country, but more particularly with regard to the tendencies in importing countries and the prospects in a ruthlessly competitive market, it still requires an "act of God" to keep production in this country at a point where there is some chance of the producer getting a price that does not spell positive ruin. For the crop year 1934–35 (the crop year ends July 31) drought and grasshoppers made their contribution toward crop reduction: in the current year an unprecedented infestation of stem rust with excessive heat in Manitoba and part of Saskatchewan played havoc with the wheat crop, Manitoba suffering a reduction to one-half of the preceding crop.

The wheat crop for the current year in the three prairie provinces is estimated by the Dominion Bureau of Statistics at 256 million bushels as against 263,800,000 for 1934–35, the yield for the respective provinces being: Manitoba 18,800,000 bushels (37,100,000 for 1934); Saskatchewan 132 million (114,200,000 for 1934); Alberta 221,033,000 (210,573,000 in 1934).

The exportable surplus will be in the neighbourhood of 150 million bushels, which added to the carry over of 214,935,000 bushels (203,944,533 in 1934) means that the problem of the surplus is still a long way from solution.

The price situation, however, has improved considerably. The Bureau of Statistics estimates the gross agricultural revenue of the prairie provinces for 1934 at $350,314,000, which compares with $292,484,000 (revised figures) for 1933, and $299,080,000 for 1932. The increase in revenue as

compared with 1933 for Manitoba is $14,524,000; Saskatchewan $16,265,000, and Alberta $27,041,000. Wheat prices during 1934–35 fluctuated a little, the average for the period being 81¾ cents per bushel, which may be compared with the all time low record of 38 cents in December, 1932. The index figure for farm produce (basis 1926 = 100) reached 61·5 in July, 1935, as compared with 59·9 in the corresponding month of 1934, while the general wholesale index in the same period fell from 72·0 to 71·5.

The improvement in the economic condition of agriculture is substantial but it is far from sufficient to overcome the deep effects of four years of low prices and short crops and there is throughout the west grave apprehensions with respect to future policy in wheat marketing.

The Pool Elevator Systems

Alberta Pool Elevators through its 435 elevators and four terminals handled 30,900,000 bushels of grain, being 28 per cent. of the deliveries in the province. The organisation made its due payment to the provincial government on account of the guarantee on the 1929 overpayment to producers amounting to $453,500 and its balance sheet for the period showed $4,345,000 in liquid assets. Operating account, however, showed a loss of about $45,000, the first loss the organisation has shown since it commenced operations in 1926. The marketing situation in Alberta, however, was particularly difficult in 1934–35 and this loss is not considered in any way significant.

Manitoba Pool Elevators, the smallest of the three Pool systems, again recorded a fairly successful year despite the severe damage to the crops in the southern area by drought and grasshoppers. The system handled 10,908,637 bushels of grain, 9,996,997 of which passed through the 153 elevators comprising the system. The total handle represents 25·4 per cent. of all grain delivered in the province. There was during the year a substantial increase in membership in the local elevator associations. The consolidated balance sheet shows that after taking care of all expenses, including the payment to the provincial government on account of

the 1929 overpayment guarantees of $177,722, the sum of $130,802 remained for distribution and reserves. An addition of $47,308 was made to working capital.

The Saskatchewan Wheat Pool through 1,007 of its country elevators (61 being closed on account of no crop in the district) handled 53,777,839 bushels of grain and in addition, 1,360,191 bushels shipped direct to its terminals, a total of 55,138,030 bushels representing nearly 46 per cent. of all grain delivered from the farms of the province.

Operating earnings of the system amounted to $2,118,032, and after making full provision for depreciation and other obligations a surplus of $171,090 was transferred to undivided profits account. The sum of $494,015 was paid the provincial government on the 1929 overpayment. The working capital available for the operations of the organisation now amounts to $6,820,179, an increase of $802,348 during the year.

The Saskatchewan Pool, it may be mentioned, again played an important part in providing cargo for shipment out of the Port of Churchill through Hudson's Bay. Of the 2,500,000 bushels of grain shipped from Churchill 2,100,000 bushels were supplied by the Pool.

Voluntary pools were again operated by each of the Pool Elevator Associations, but the necessarily low initial payment bars the great majority of farmers from pooling their grain and the quantity passing through these voluntary pools is insignificant in comparison with the total amount of grain handled by the organisations.

Dairy Co-operatives

The dairy industry in the prairie provinces has had anything but an easy time during the last few years, but a recent survey of the last six years of operation of the dairy co-operatives in Alberta is interesting. There are three dairy pools in that province—the Northern, Central, and Southern Alberta Dairy Pools. From a membership of 4,043 in 1929 there has been a steady advance to 8,526 in 1934. In the same period the butter output has increased from 2,591,000 pounds to 4,811,000 pounds, representing

progress from 16·2 per cent. of all butter made in the province to 18·8 per cent. In the same period these dairy pools have paid out $173,028 in cash dividends, have issued to their members $161,396 in participation certificates (shares paid for out of surplus) and have added $160,762 to reserves. Their excess assets in the same time went up from $105,216 to $308,389. Most of the butter output of these dairies is consumed in Canada. Not all the co-operative dairies have done as well as this; some have suffered severely where competition has been keener than in Alberta.

Other marketing co-operatives have had their troubles but rising prices are giving a tinge of brightness to the prospect.

The Natural Products Marketing Act

The one and only attempt in the prairie provinces to organise marketing under the Natural Products Marketing Act (see *Year Book*, 1934, p. 136) proved somewhat disastrous. A scheme for marketing poultry and eggs, prepared by the Canadian Poultry Pool, in which the Pool was made the sole selling agency for the three provinces was submitted to a vote of the producers on February 16 to 23. The result was as follows:

	For.	*Against.*
Manitoba	6,070	18,031
Saskatchewan	27,749	16,012
Alberta	12,635	7,587
	46,454	42,530

It is doubtful if this vote adequately represents the attitude of prairie farmers toward either the scheme or the Act. There was considerable delay in getting approval of the scheme from the Marketing Board and strong trade interests in Winnipeg, backed by an equally strong press, jumped into the arena and organised the opposition while the proponents of the scheme could do nothing because until the Board approved the scheme they had nothing with which to go to the farmers.

The Government set no majority for bringing the scheme into effect but the actual majority was so small and so many producers did not vote that the minister decided the scheme should not come into effect.

Nothing daunted western livestock producers have prepared a marketing scheme more limited in scope but which they believe will mitigate certain abuses in the livestock trade and their scheme has been approved by the Marketing Board. It is for the time being, however, held up pending the decision of the Supreme Court on the constitutionality of the Natural Products Marketing Act.

Schemes have, however, come into force in other parts, of the country. In British Columbia nine are in operation, covering fruit, shingles, fish, milk and vegetables. In Ontario there are five covering tobacco, potatoes, beans, cheese and fruit. In the Maritime Provinces three have been set up dealing with potatoes, herrings and apples. For the Dominion there are four schemes dealing with fruit and jam.

Debt Adjustment

Under the debt adjustment legislation passed by the Dominion Parliament (see 1935 *Year Book*, p. 135) 6,033 applications for adjustments had been made in the prairie provinces as at July 31, 1935. Of these 2,521 were referred to the Boards of Review and 1,123 had been dealt with by the Boards. The original debts amounted to $7,077,036 and the reductions made by the Boards amounted to $2,068,672 in the capital and $198,725 in annual interest payments. These are cases coming before the Boards only; the voluntary settlements effected under the Act are said to involve as great if not greater reductions, but no official figures are available for these cases.

The Wheat Board

The stabilisation operations in the Winnipeg wheat market conducted by Canadian Co-operative Wheat Producers under government guarantee created throughout the country a somewhat virulent controversy. It was held by some that

no attempt should be made to hold up the price of wheat, but that every effort should be made to get rid of the surplus at whatever price the market would give.

The producers urged that a Wheat Board should be established by the government and given a monopoly of all the wheat in the country and that under Government guarantees the Board should feed the wheat in the market in a manner calculated to move the surplus without forcing a fall in prices.

The pros and cons of the matter were argued before a special committee of the House of Commons in March and eventually a Bill was introduced and passed without a division creating the Canadian Wheat Board of three members and an advisory committee of seven, four of whom are representatives of consumers. The Board is empowered to take delivery of wheat from producers only, to buy and sell wheat, to establish a minimum price, and to acquire all the holdings of Canadian Co-operative Wheat Producers Limited. Certain compulsory provisions of the Act may be brought into force on proclamation of the Governor-in-Council and if brought into force the Board would control all the operations of grain handling facilities.

On September 6 the Prime Minister announced approval of a minimum price for wheat of 87½ cents per bushel for No. 1 Northern basis Fort William. The Board will issue participation certificates on all wheat delivered to it and will distribute among the holders of certificates whatever surplus, if any, the Board may make on its operations.

Canadian Chamber of Agriculture

In February a meeting of representatives of farmers' organisations was held in Ottawa for the purpose of forming a Canadian Chamber of Agriculture. The meeting adjourned to meet in November for further consideration of the matter. In July representatives of western agricultural co-operatives met in Calgary and formed the Western Agricultural Conference, which will probably form the western section of the Canadian Chamber.

The adjourned meeting of February was held in Toronto,

November 26, 27, 28, and was attended by representatives from seven provinces of the Dominion. The Canadian Chamber of Agriculture was formed with a provisional Board consisting of a representative from British Columbia, Alberta, Saskatchewan, Manitoba, Ontario and Quebec, and one from the Canadian Horticultural Council with provision for one from the Canadian Dairy Farmers' Federation, the two latter being national organisations. The main work of the new body for the next twelve months will be consolidation of the eastern provinces. The new body gave its approval to the principles embodied in the Natural Products Marketing Acts, the debt adjustment legislation and reciprocal trade agreements within the British Commonwealth of Nations.

It was mentioned at the meeting as a possibility that if another Imperial Conference is called to consider trade agreements, it will be preceded by a meeting in England of farmers from Canada, Australia, New Zealand and South Africa and Great Britain.

The Question of Constitutional Validity

In a federal political system the division of powers between the national and regional authorities is always apt to create difficulties in the meeting of new situations. Canada is facing such difficulties today in the matter of jurisdiction with regard to the Natural Products Marketing Act, Acts providing for uniformity in the grading and standardising of agricultural products, debt adjustment legislation, and social legislation of the kind which has been adopted in every progressive unitary state. The present government of Canada is seeking from the Supreme Court an opinion on the constitutional validity of a mass of legislation passed by the previous government which never entertained a doubt as to its constitutional power to pass it. Courts in Alberta and Saskatchewan have declared unconstitutional the legislation providing for the grading of eggs and poultry with the consequence that eggs are back to the store classification of " strictly fresh eggs, fresh eggs, eggs " and you take a chance when you buy !

In the meantime nothing can be done under the Natural Products Marketing Act and nobody knows what will happen in the thousands of debt adjustment cases if the Farmers' Creditors Arrangement Act is declared unconstitutional. Fortunate is the country whose parliament cannot be called to account by courts with respect to its legislative powers.

NEWFOUNDLAND

FOLLOWING on the preliminary survey of co-operative possibilities carried on by the Horace Plunkett Foundation in 1934, the Government of Newfoundland appointed Mr. W. D. Beveridge, formerly on the staff of the Scottish Agricultural Organisation Society, Director of Co-operation. The Government also sent a young Newfoundlander for training to Canada with a view to his being appointed to the staff of the new department. The Director of Co-operation took up his work in the summer of 1935. During the first few months he was able to visit most parts of the Avalon Peninsula, giving considerable attention to such places as Brigus, Branch and St. Bride's; Markland, Harbour Grace, Heart's Desire and Ferryland, to quote a few examples. He also made an extended tour through the rest of the island, by Corner Brook, Grand Falls to Port au Port and St. George's Bay. The weather until recently was very good which is of considerable assistance in visiting such places.

As regards Ferryland, plans are at the present moment under consideration for the formation of a co-operative society which will embrace the building of a pier, bait depot and curing sheds. This is of course the forerunner of many similar societies, but it is intended to make certain tests at Ferryland before launching out into other schemes.

Lobster canning is also the subject of most careful consideration and it is hoped to assist in the setting up of a number of factories with the latest plant of the Retort type so as to operate next year. These factories would also engage in fruit canning immediately the lobster season finished.

No attempt has yet been made to touch the problems connected with the cod fisheries beyond personal contacts between the Director of Co-operation and those directly

interested. The setting up of a committee to investigate fishery and relative co-operative problems of the island is, however, under consideration. The problems to be considered would be entirely internal as relative to the outports and the producers. External problems are being considered by a strongly represented body recently constituted called the Salt Codfish Board, whose main function is to deal with the marketing of fish. This body is doing excellent work under extremely difficult and world-wide conditions. The investigation committee will be composed of men of proved business capacity and its resultant data would be utilised by the Director of Co-operation.

Consideration has also been given to the agricultural problems of the Island and the Co-operative Department has been instrumental in bringing out Dr. Ogg to investigate the possibilities of bogland cultivation. Dr. Ogg's report gives ground for confidence in the future of agricultural co-operation, since there are many large areas of bogland, such as at Branch, which, under such a scheme of cultivation could be made to carry thousands of head of sheep and cattle.

So far as Markland itself is concerned, it is difficult to give anything like an adequate picture of this extensive scheme. The original Markland Trustees have been reconstituted in the form of a Land Settlement Board. There is also a permanent staff both in St. John's and at Markland with a resident manager, secretary, agricultural supervisor, students, etc. There are schools, teachers, staff house and a hospital in process of being built, and altogether some one hundred steads and houses. Community land is being cleared as quickly as possible by a combined effort of the settlers in order that each stead holder may, as soon as possible, be put in a position of independence. Markland is something more than an experiment in land settlement for the unemployed. It is the first attempt in Newfoundland of a social organisation of the people, a raising of the deplorably low standard of life and the creation of a community sense. Markland may best be described as an effort to establish on Crown Lands families who, on account of the economic situation in Newfoundland during the past

few years, have been partially or totally dependent on government assistance for their maintenance. The effort contemplates the entire rehabilitation of each family upon a self-supporting and independent basis and the organisation upon sound economic principles of the community as a whole. The experience gained in Markland will prove to be invaluable in many other development schemes which the Land Settlement Board will undoubtedly have to undertake in the future.

A Co-operative Bill which would provide for the incorporation of societies and for suitable rules and procedure will form a part of the winter work. A start is being made to build up a co-operative library.

In the far north, the Grenfell Mission, which for some years has taken an interest in the running of a small consumers' store, at the end of 1934 arranged for the manager to come to England where through the generosity of the Co-operative Union he was enabled to take a course at the Co-operative College, Manchester. He has since returned and the store has been reorganised and enlarged.

Previous Co-operative Attempts

The attention of the Horace Plunkett Foundation has been drawn to a brochure written by their Secretary, Miss M. Digby, upon "The Opportunities for Co-operative Organisation in Newfoundland and Labrador." Sir William F. Coaker of Port Union, Newfoundland, objects to the passage written by Miss Digby under the caption "Previous Co-operative Attempts," and complains that the words "large sums contributed by fishermen disappeared in ways which were never ascertained by audit or liquidation" are susceptible of meaning that he and the Executive of the F.P.U. misdirected and improperly controlled the organisation, so that through their fault or privity its funds were misappropriated; and that their negligence was the cause of its failure.

The Foundation is most anxious to remove this wrong impression. The Fishermen's Protective Union is actively engaged in the fulfilment of its most laudable objects and

there is no justification for any suggestion that Sir William Coaker or the Executive of the F.P.U. were in any way guilty of the imputations which have been read into the article.

The Foundation desires to take this opportunity of tendering to Sir William Coaker and to the Executive of the F.P.U. their most sincere apologies for the misunderstanding which has arisen and to assure them that they disclaim any intention of imputing to them dishonourable conduct.

PALESTINE [1]

BY

HARRY VITELES, *General Manager, Central Bank of Co-operative Institutions in Palestine, Ltd.*

AT the end of October, 1935, there were in Palestine 757 co-operative societies on the Register—684 Jewish, 73 Arab.

STATUS OF REGISTERED CO-OPERATIVE SOCIETIES AS AT END OF OCTOBER, 1935

Type of Society.	*Total No.*	*Jewish.*	*Arab.*
Urban and rural loan and savings Societies	163	108	55
General and agricultural marketing co-operatives	62	61	1
Housing co-operatives	66	66	—
Kvutzoth and Kibbutzim (co-operative settlements)	83	83	—
Distributive (consumers) co-operatives	44	44	—
Workers' productive and handicraft Societies	88	87	1 (Master Lightermen's Society)
Transportation (motor and other)	60	44	16
Irgunim (co-operative groups for agricultural colonisation as smallholders' settlements)	40	40	—
Co-operative societies for rural and suburban development	82	82	—
Co-operative water supply societies	45	45	—
Miscellaneous (auditing unions, cattle insurance and co-operative life insurance societies)	24	24	—
	757*	684	73

* 23 in liquidation included.

[1] See 1933 *Year Book*, pp. 64–9.

The Registrar of Co-operative Societies had reported that at the end of 1934 there were 598 societies on the Register of which 172 were registered in 1934 and 130 in 1933. Of these 43 are in liquidation and 65 others were struck off the Register during 1934. The 383 active societies, nearly all Jewish, filing returns for the period ending September 30, 1934, reported 138,578 members (the total Jewish population on September 30, 1934, numbered about 305,000); an own capital (share, reserve, etc.), £P.1,244,100; deposits of all kinds, £P.2,879,900; movable property and stock-in-trade, £P.693,600; immovable property, £P.803,000; and indebtedness (loans received) of £P.1,216,700. These figures may be compared with those of Egypt with a population of 15,000,000 and 675 co-operatives having 65,000 members and £E.1,185,000 capital and Cyprus with a population of 360,000 and 360 co-operatives with 17,350 members and less than £50,000 in capital. While the co-operative movements in Egypt and Cyprus are almost entirely Credit, that in Palestine (predominantly Jewish) includes a healthy marketing and productive—agricultural and non-agricultural—a water supply and the beginnings of a housing co-operative movement.

Beginnings of an Arab Co-operative Movement

There has been considerable development of the Jewish Co-operative Movement since October, 1932, but the Arab Co-operative Movement (modelled largely on the Punjab system) only started in the autumn of 1932 and is still young. At the end of August, 1935, 56 active Arab societies reported 1675 members and an own capital of £P.12,685. Four Arab transportation (workers' productive) societies went into liquidation and two citrus marketing co-operatives never started operations. That at the end of August, 1935, 44 of the 56 active Arab societies with 1215 members are credit co-operatives and agricultural loan and savings societies is due to the Government having implemented Mr. C. F. Strickland's recommendation to initiate the Arab co-operative movement in this form. Since the end of August 11 more Arab urban and rural loan and savings societies have

been registered. Of the remaining societies, 16 are transportation societies (four of which are in liquidation). The policy of the Government is described in the following passage from the 1934 Report on Palestine and Transjordan (p. 235, par. 3).[1]

Awake to the dangers of a too rapid expansion unaccompanied by patient education and constant supervision, the Registrar proceeded cautiously in the formation of new societies among Arab cultivators.

STATUS OF ARAB CO-OPERATIVES AT END OF AUGUST, 1935

Type of Society.	*No. of Societies.*	*No. of Members.*	*Amount of Own Funds.* £P.
Village credit and thrift societies	44	1,213	1,361
Transportation societies . .	11	153	10,192
Master lightermen society . .	1	108	1,132
	56	1,474	12,685

Co-operators in Palestine and abroad would like to see the Palestine Government make some efforts to merge the two movements—Arab and Jewish—particularly in those districts having a mixed population and in those fields, such as marketing of citrus and other agricultural products where the interests of both sections are identical. The co-operators would also welcome a more active Government policy in carrying out the hope expressed " that advantage will be taken of Jewish experience and the good will expressed by Jewish central co-operative organisations."[2] In view of the wide gap which still exists between the two movements, there is some doubt as to the practicability of setting up immediately one central official co-operative council for both movements. There is a feeling that until the Arab co-operative movement is more extensive and varied and has its own representative organs (auditing unions), such a com-

[1] Report by His Majesty's Government in the United Kingdom of Great Britain and Northern Ireland to the Council of the League of Nations on the Administration of Palestine and Trans-Jordan for the Year 1934.

[2] 1933 *Year Book*, p. 65.

bined council would reduce the usefulness to the Jewish co-operative movement of this forum for discussion of general co-operative questions without contributing much to the development of the Arab co-operative movement.

The Jewish Co-operative Movement in Figures

Co-operators who are interested in the economic and social experiments in production will find the Jewish co-operative movement in Palestine an interesting field for study. The Jewish labour movement in Palestine, for instance, has specially adapted its structure to the requirements of its co-operative work. Parallel with the Histadruth (General Federation of Jewish Labour in Palestine) is the " Hevrat Ovdim " (Brotherhood of Workers) to which are affiliated all the Labour co-operatives.

The 663 active Jewish co-operatives (at end of October, 1935) play as important a rôle in the economic life of the Jews in Palestine as do the co-operatives in the agricultural economies of Denmark, Holland and Switzerland—three of the most highly developed countries in the world from the co-operative point of view. During the last three years the number of active Jewish societies have increased from 200 to 615 (end of August, 1935); own capital (share, reserve, etc.) from £P.300,000 to £P.1,900,000; all types of deposits from £P.600,000 to £P.2,750,000 [1]; the annual sales of the Agricultural Marketing Societies from £P.1,000,000 to about £P.2,250,000—the latter representing about 70 per cent. of the total value of agricultural products produced and marketed by Jews. The total agricultural produce in 1934 was estimated at £P.6,000,000—about equally divided between Jews and Arabs, of which about £P.4,000,000 was consumed in Palestine and £P.2,000,000, mostly citrus, was exported.

[1] At the end of August, 1935, the total deposits amounted to £P.4,000,000. Because of the war scare the withdrawals during September and October amounted to about £P.1,250,000, mainly from half a dozen of the larger urban societies—one of these accounting for over £P.800,000.

SPECIAL CHARACTERISTICS OF THE JEWISH CO-OPERATIVE MOVEMENT

While adhering for the most part to the four fundamentals of co-operation, variable capital, unlimited membership, joint liability and equal rights, the Jewish co-operative movement in Palestine has certain special characteristics. The underlying motive is still that of colonisation—the co-operatives being the instrument for facilitating and expediting the settlement of Jews on the land. The special characteristics which have been developed are attributable for the most part to the mixed character, individualism and social-political structure of the 250,000 Jews who have come to Palestine since 1919 (the present estimate of the Jewish population is 360,000) and to the fact that Palestine is still a country in the making.

The table given on page 305 brings to light a very striking feature of the Jewish co-operative movement in Palestine, namely that out of the 684 societies registered as at end of October, 1935, only 108 or 16 per cent., are credit societies (urban and rural loan and savings societies), whereas the Jewish co-operative movement in Europe is almost wholly credit. In no other country in the world have the Jews so developed, in absolute and relative terms, marketing (61 societies), production (87 societies) transportation (44 societies), Housing (66 societies) and Water Supply (45 societies), this last being considered one of the most difficult and troublesome from an administrative point of view.

The registration in 1934 of 146 and during the first ten months of 1935 of 135 of the 684 Jewish societies reported at end of October, 1935, is not due so much to the large immigration (90,000 Jews) during this 22-month period as to the emergence from the experimental stage of certain types of co-operative activities and to a growing recognition of the economic advantages of co-operative action, and particularly of the fact that the co-operative agricultural settlements (the Kvutzoth and Kibbutzim) are absorbers of immigrants. An interesting feature is that according to the co-operative societies ordinance (adapted to the needs of

the country) agricultural co-operatives are allowed to accept as members non-residents of the country who have property in Palestine.

Yet another reason for the threefold increase in the number of Jewish co-operatives in less than three years is the tendency, which is neither peculiar to Palestine nor contrary to co-operative practices, to split up the co-operative movement along economic lines (workers and non-workers), according to political affiliation, religion, or in accordance with the country of origin. This differentiation is questioned by many who think of Palestine and of the Jewish co-operative movement in terms of a single unit.

A word must be said about the development of " marketing co-operatives " in Palestine since in no other country have Jewish farmers, considered as extremely individualistic, shown such an aptitude for this type of co-operation which requires discipline, mutual trust and confidence, a long range point of view and business acumen. The 61 Jewish marketing co-operatives comprise 10,000 producers as members and have about £P.350,000 in own capital and £P.2,000,000 in annual sales.

Perhaps the most interesting co-operative development in Palestine is the co-operative agricultural settlements, known as Kvutzoth and Kibbutzim, which combine co-operative production, marketing and living ; in which there is no private property—everything the members produce whether on the holding or outside it, going to the co-operative. These Kvutzoth and Kibbutzim which are in part the result of social-economic theories and in part the result of force of circumstances, and are a means of colonising the maximum number of persons on the minimum area and at minimum costs, differ from the " Kolhoz " or collective farms in Soviet Russia in two main aspects—membership is voluntary, the member's sole contribution when he enters is a genuine willingness to work for and with the group, and the entire assets and liabilities belong to the group. All important decisions are made by the General Meeting and their execution is in the hands of a committee of three or five. As one visitor who had spent several months in Soviet

Russia remarked, " In Russia you have communal life in theory and in Palestine you have it in practice."

The least developed form of co-operation in Palestine is the " consumers ", which movement is entirely Labour. Cash sales are the exception, even rarer than cash purchases. The Palestinian consumers' stores, like those in the Swiss villages, carry everything a farmer needs from groceries and clothing to agricultural machinery. Most of these consumers' stores also handle the milk, eggs and other agricultural produce which the farmers deliver for sale through the " Thnuva " (Agricultural Co-operative Society of the Producers of the Jewish Labour Settlements of Palestine Ltd.).

Occupational co-operatives, which are not to be confused with the manufacturing establishments which form part of the consumers' co-operative movement in countries like England and Holland, seem also to be a specifically Palestinian product. Unlike similar groups in England (co-operative productive societies and co-partnerships) only the members are shareholders and the number of hired workers in the preponderant majority of these undertakings is less than the number of members. On the whole it can be said that they have prospered better than in other countries. In the case of the transportation societies the members are the chauffeurs and not the consumers or the users of the service. The interests of the passengers, however, are not forgotten by the municipalities and colony councils giving the concessions or by the co-operatives themselves. As in the case of the transportation societies the members of the co-operative workers' kitchens are composed of workers and not of consumers. Five thousand meals daily are served in the seven workers' kitchens.

There is a growing feeling among the public that their interests are not sufficiently considered by the productive (service) societies. This tendency, however, for the co-operatives to be more concerned with the producer rather than the consumer (in the broadest sense of the word) is neither peculiar to service co-operatives nor to the co-operative movement in Palestine.

CONSOLIDATED BALANCE SHEET OF JEWISH CO-OPERATIVES

The consolidated balance sheet of 226 Jewish co-operatives given below should be read together with the following explanations :

(1) About £P.445,000 or 40 per cent. of the total own capital (£P.1,045,000) and £P.3,565,000 or nearly all of the total deposits of £P.3,630,000, belong to the 77 credit co-operatives and agricultural loan and saving societies.

(2) The 35 Kvutzoth and Kibbutzim (co-operative agricultural settlements) account for over £P.422,000 (£P.330,000

CONSOLIDATED BALANCE SHEET [1] OF 226 JEWISH CO-OPERATIVE SOCIETIES IN PALESTINE

(7 Credit Co-operatives and Agricultural Loan and Savings Societies ; 33 General Agricultural and Marketing Societies ; 33 Consumers (Distributive) Co-operatives ; 48 Industrial Producers Co-operatives (Occupational) and 35 Co-operative Agricultural Settlements (Kvutzoth and Kibbutzim).

Liabilities.	£P.	*Assets.*	£P.
Own capital . . .	1,043,202	Cash and Banks .	1,368,060
Current accounts and savings . . .	2,376,061	Members' indebtedness	3,714,525
Deposits	1,253,220	Accounts Received .	430,911
Loans	1,171,456	Immovable property	639,000
Accounts and bills payable . . .	1,161,947	Movable property .	616,705
Bills for collection, security and Guarantees	2,512,482	Stocks and materials	225,483
Income (current and in advance) . .	245,689	Bills for collection, Security and Guarantee	2,565,340
Miscellaneous . .	4,748	Expenses (current and in advance) . .	185,928
		Miscellaneous . .	22,853
	£P.9,768,805		£P.9,768,805

[1] Dates of the Balance Sheets :

(*a*) Credit co-operatives and agricultural loan and savings societies, June 30, 1935.

(*b*) Agricultural and marketing co-operatives, June 30, 1934 to June 30, 1935.

(*c*) Consumers' co-operatives, August 30, 1935.

(*d*) Industrial producers co-operatives, July 31, 1935.

(*e*) Kvutzoth and Kibbutzim, September 30, 1934.

colonisation loans repayable within thirty-five years or more) or nearly 40 per cent. of the total Loans (£P.1,171,000); while the 33 agricultural co-operatives reported £P.384,000 or about one-third of the total bills, and accounts payable (£P.1,162,000). Advances on crops account for the greater part of the debts from the agricultural co-operatives.

(3) As is to be expected the 77 credit co-operatives reported £P.2,175,000 of the £P.2,512,000 bills for collection, security and guarantees and for £P.3,411,000 of the £P.3,715,000 indebtedness of members.

(4) The Kvutzoth and Kibbutzim being co-operative agricultural settlements (production, marketing, sales) it is to be expected that these reported £P.345,000 or over 50 per cent. of the £P.639,000 immovable property. While the industrial producers' co-operatives, occupational productive and service societies account for £P.330,000 or about 55 per cent. of the movable property £P.617,000.

The total membership of these 226 societies is about 77,760 or more than 50 per cent. of the total estimated membership of the 615 Jewish co-operatives active at the end of August, 1935.

CEYLON

BY

E. H. LUCETTE, *Registrar of Co-operative Societies*

THE *Year Book* of 1934, in which the last account of co-operation in Ceylon appeared, said that our co-operators had been having a bad time. In the two years which have passed since that was written conditions have grown easier for some but for many are as hard as ever they were. Difficulties have crowded closer round the cultivators who live within the dry zone than round those of the wet districts. A recovery in the price of rubber has done something to revive villages in the rubber planting districts which lie mainly in the south-west of Ceylon. Here the inhabitants are once more able to supplement their incomes by work of various descriptions on estates which had for some time past either been closed down or else put on a care and maintenance basis. The operation of the Tea Restriction Ordinance has been of proportionately greater benefit to the small-holder than to larger estates; for the former has often been able to sell separately his coupons and his leaf. His coupons have been in demand to cover the export of better priced teas and his tea has been available not only for local consumption but has found buyers who have a shortfall in their own crop to make up. The little man who is mainly content with the sale of his coupons has also been able to enhance his net profits because he has been relieved of the necessity of spending money on the careful cultivation of his garden so long as these are covered by a flat assessment rate which disregards the actual yield of a small area under tea and is generously fixed.

To this extent, then, the lot of the small man who derives an income, directly or indirectly, from tea or rubber is improved, but the market for paddy, vegetables and fruits which are the mainstay of the majority, has remained

depressed to such an extent that paddy has certainly not been an economic crop except where there is no alternative cultivation in which a man can engage. The difficulties which attend a collapsed market have been aggravated for the subsistence farmer in most of the northern half of the Island by the failure of the last three, and in many places of the last five, crops. The upshot has been a famine which nothing but Government assistance was able to relieve. All things considered it is perhaps a boon that the price of paddy has not advanced by more than 30 cents a bushel during the year. Bad seasons, culminating in a severe drought this year, have caused, or been capped by, the most acute epidemic of malaria which has yet been recorded in Ceylon. Few districts have escaped and some have been paralysed by it. Loss of life has been heavy and particularly among children. Entire households have been hors-de-combat at one time so that in a whole family no one has had the strength to feed himself or his kin. In these circumstances it has been difficult for societies even to meet; and work has been as hard to do at all as to do profitably.

And yet in the face of these obstacles co-operation has more than held its ground and the standard of loan repayment over the whole island actually shows an improvement. The increase in the number of working societies points a moral which has often enough been pointed before in co-operative history—that it is in the face of need that co-operation makes its progress.

The movement in Ceylon has attacked the poor man's economic problems in four main columns; those of credit; stores; thrift; marketing. For the first three of these I venture to claim noticeable success.

There are to-day 881 credit societies with a working capital of Rs.1,561,806. Two years ago the figures were 703 societies with a working capital of Rs.1,287,183. During the same period membership has risen from 16,366 or an average of rather over 23 members per society to 19,831 with just under 23 members per society.

I do not wish, in my enthusiasm for co-operation, to

cloak the fact that there is an enormous field for further activity which awaits development. The population of Ceylon is 5½ million people or say, 1½ million families. So that co-operation has not yet reached more than one family in a hundred.

The disclosure of a decline in the number of members in each society has caused a certain amount of anxiety and although it would be reasonable enough to relate this decrease to the recent heavy mortality I believe that a nearer cause lies in the demands which have been made upon their poorer members by societies. Many have in the past paid into their societies considerable sums of money for shares and they have made promises of continued payments on the same account. Bad crops and low prices have left these men saddled with debts outstanding to the society and, in the case of societies of unlimited liability, the debtors have deemed the best and rapidest way of liquidating those debts and of relieving themselves of any further obligation to be that of resigning from the society and having the value of their shares set off against their debts. While one must admire the determination which such members show to honour their bonds and to avoid dishonouring their promises as members, the tragedy is all too obvious when a man deprives himself of his best source of help at the very time when his need for credit has been intensified, as it were, to flash point. I cannot but think that the virtue of share capital as a form of thrift is somewhat evanescent, seeing that share capital is always uneasy money except where it has been paid up from a comparatively rich man's assured surplus. Meanwhile any tendency towards the loss of good members is being countered by the adoption of a purer Raiffeisen system of restricted and equalised share holding wherein profits are indivisible and are all carried to reserve. This will ensure that poverty does not operate as an obstacle to membership in a co-operative society and that co-operation will be a vehicle of progress open to all who care to travel in it.

I hope that I have now said enough to assist the interpretation of the few figures that I present below.

The loans granted by primary societies during the year amount to Rs.1,817,872; 28 per cent. of these were to finance trade; 16 per cent. were for cultivation purposes and the next largest single object for which money was borrowed was the redemption of old debt; 20 per cent. of the loans granted were for less than six months, and 62 per cent. for over six months and up to one year. The average loan was Rs.78 and the average holding of share capital was Rs.40. In spite of the mischances of the year the figure of default is only 13·7 per cent. as against 15 per cent. last year. Ceylon co-operators can claim to have put up a very resolute defence against a fierce attack upon their health and their prosperity.

Our primary societies are backed in their financial activities by three central banks. The first banking union is now in the process of organisation. These banks have not escaped the common experience of all trusted banks of being offered a mint of depositors' money for which they could find no profitable employment. They were in fact compelled to reject money offered them by non-members.

In Ceylon the industrial outlet for the employment of capital is small. The agriculturist has for his part seen, latterly, no return upon his borrowed money and few fruits of his own labour. So much has this been the case that in the less fertile districts I have met men who have lost faith in farming as a field for the productive employment of money and I have, strangely enough, found myself reminding greyer-headed men than I am that the agricultural cycle is nearer ten years than three and that rain will fall again. Meanwhile, the central banks have, with one exception, had more money repaid them by their member-societies than has been borrowed again and they have been badly handicapped by the very narrow field of investment open to them.

The central bank which provided the solitary exception to the tale of stagnant business is that at Jaffna which operates in a district where the cultivation of tobacco grown for the Indian market is largely financed through the co-operative movement. The creation of a co-operative society

for marketing this tobacco (at least to the extent that the society delivers the commodity, cured and graded, to the back of the market in India) has undoubtedly strengthened the grower's confidence that his farming is worth while as well as traditionally necessary.

For all the hardships of the farmer, thrift has made marked progress among the salaried classes. The number of societies, whose primary object is the aggregation of savings out of known incomes, has risen from 29 to 60 and accumulated funds have increased to Rs.200,000. Deposits have risen from an average of Rs.34 to Rs.43 per member. The amount of money held on deposit by village banks is rather over Rs.150,000. This sum is of course additional to the figures which I have quoted earlier.

Consumers' co-operation as exemplified by our stores is going ahead well. Fifteen registered stores achieved sales to the value of Rs.423,068 with a membership roll of 6,500. The progress of this movement is most marked among the labour forces of tea estates and the steady rate of progress is due to the fact that good management is secured by the interest taken by the estate superintendent and by the avoidance of bad debts in consequence of a system which allows the estate to authorise its labourers to receive their purchases against informal orders to pay drawn on the estate and met at the end of each month. The demand is daily increasing for a co-operative central purchasing agency in Colombo upon which societies can indent for their supplies and so disburden themselves of the difficult work and the waste attaching to separate purchasing by each store.

The fourth attacking column, that of marketing, has had more defeats than victories and is always liable to be handicapped by an enthusiasm for this type of organisation which is perhaps creditable to the heart of its amateurs. The false analogy of the success of Danish farmers or of English egg-marketing societies seems to be only too convincing to them. Yet in both those cases there either is, or was for many years, an unsatiated market ready at hand to dispose of all the bacon, butter and eggs which could be produced for England's rapidly growing towns.

The problem in Ceylon is quite different. The difficulty here is to effect an entry on satisfactory terms into a market which is already crammed with average saleable produce and the problem is complicated from a confused belief which exists that a co-operative venture will not merely increase the margin of profit to the producer by the elimination of some existing element of waste but will also, by means which are not easily understood, succeed in raising the demand price for the commodity marketed.

But all the battles have not been lost yet. I have already mentioned a tobacco marketing society which is good enough and strong enough to command more loyalty among its members than is usual and is making a good bid for success. In the Colombo district a milk marketing society still keeps its head (and its milk cans) above water and has entered upon its fifth year of life.

But co-operative marketing can never progress until its partisans have both more knowledge and more experience of co-operative association and of business methods than is now the case nor until the members are above seduction by the offer of some immediate but impermanent gain and have learnt to recognise objects for whose sake they are willing to stop looking beyond the end of their own noses.

In the actual administration of the department renewed attention is being concentrated upon the teaching and training of the official and unofficial staffs. Training classes are also held in numerous centres so that as many members as wish may attend them.

With the passing of the new Ordinance a Ceylon Federation will be formed which will share in the task of administering a fund subscribed by the societies themselves to provide for their own supervision and audit. There are Provinces of India where the words Federation and Union are not held in much esteem but I venture the personal opinion that in Ceylon co-operative unions will always have a part to play in as much as they can provide societies with a voice which can be recognised and can focus the deliberations of societies. It is not necessary to saddle unions with some specific function such as supervision or guarantee-

ing loans. A Federation in addition to assisting in the management of the funds of the movement can perform for the whole island the services which a union can do for a district.

But my pen has outrun discretion by this escapade in prophecy whose fulfilment or failure may be recorded in the pages of some later Year Book.

MALAYA

BY

R. BOYD, M.C.S., *Director of Co-operation, Federated Malay States and Straits Settlements*

STATISTICALLY, the years of economic depression have been years of inactivity in co-operative credit societies amongst agriculturists in Malaya. Co-operation was made for man and not man for co-operation. Members of societies who had borrowed when the prices of rural products were high were confronted with the problem of how to meet their dues when prices had fallen by more than 50 per cent. The margin of income available for repayment of loans by small-holders is never large and the fall in prices in many cases wiped it out altogether. Repayments in such cases would have entailed under-nourishment. Insistence on repayment under such circumstances would have been not only inhuman but a mistake.

In dealing with this problem of repayment, the policy of the co-operative societies department in past years must be remembered. It has been the steady aim of that policy to make these small rural societies independent of outside finance and to deny them the right to use other people's money until they had shown that they had learnt to use their own money wisely. As a result, when the depression came, only 5 societies out of 70 had any outside liabilities. The rest were using their own capital, and their own capital only.

For these societies which had no outside creditors with divergent interests, it was, therefore, easy to decide to meet the blizzard by a policy of " wait and see ". It is true that, in consequence, overdues reached what appeared to be alarming totals and interest unpaid mounted up rapidly. Efforts were directed primarily to maintaining a tolerable

standard of living. Repayments to societies were postponed. That period is now passing. The prices of rural products are above the lowest levels of the depression and expenditure has to some extent been adjusted to the new levels. Societies are now reviewing their position and are relating their internal debts to new realities. In many such cases, the overdue interest on pre-slump loans has been entirely waived, and repayments have been credited to principal. This is possible where a society is handling only its own money as no outside interest is affected. Rates of repayment are being modified and payments are once again beginning to flow in. It is a sign of the existence of a will to repay that right through the depression the total repayments each year exceeded the amount of new loans. Not all societies have survived the severe strain of these years, but thanks to the policy of retaining the profits of societies for the first ten years before making any distribution, all the members of liquidated societies received back their share capital in full and in most cases there was a sum left over to be used to improve or supplement the local amenities. Hence, even where a society has been liquidated, there is no heart-burning over the failure of the experiment and it is not impossible that later on under different leadership another effort may be made.

The position is different in the case of societies with outside creditors. There were five such societies and in each case the only outsider creditor was an urban co-operative society which willingly reduced its rate of interest on its loans to 5 per cent. per annum. These societies are passing through difficult times and it is early yet to prophesy how many will survive. One has already had to be liquidated, but it is hoped that the rest have enough spirit to enable them to pull through. Once the outside debts are settled, the main difficulties will be solved.

That summarises the position of the rural credit societies at this time when it may be hoped that, though prosperity has not yet arrived, the days of acute depression have passed.

The depression has taught its members a number of lessons, the chief of which is that the man who cannot

save cannot safely be allowed to borrow. Loans in the past have been based too much on fixed assets and too little on repaying capacity. The realisation of this mistake is leading to an increased consciousness of the need for steady thrift even in very small amounts. It has also come to be realised in the areas of rural credit societies that it is better to borrow from a society than to borrow from a professional money-lender. The forbearance of societies during the depression and the waiving of interest have impressed upon the people the desirability of establishing their own financial organisations. As a result, while one would have expected the members to be depressed with their experience and to be anxious to recover what they could from the societies through liquidation, in fact, there is a very general feeling that the societies provide an organisation which is essential to rural well-being.

The fall in the prices of rural products greatly reduced the incomes of agriculturists and much propaganda was directed towards urging the small-holders to combine for the purpose of increasing their income. The results of that propaganda have yet to be seen, but there is distinct promise that, when the natural conservatism of the small-holder has been overcome, he will join his neighbours for the marketing of his products. The most successful experiment has been in the marketing of eggs. Malaya imports large quantities of eggs annually. From very small beginnings, small-holders in one area through their co-operative societies are now selling roughly 35,000 eggs a month on which an increased price of about five cents (1·4 pence) for ten is obtained over the local price (13–14 cents for ten) ruling before the societies were formed. One group has held the contract for supplying eggs to a leading Penang hotel for over two years. It may be expected that these societies will increase and spread. The controlling factors are poultry disease, which is recurrent and often wipes out complete flocks, and the lack of business capacity amongst the rural people. Responses to propaganda directed to the joint marketing of other products have been spasmodic. Societies to market rubber, copra and arecanuts have been formed and have

proved to the members that unity is strength and that better prices can be obtained for a better product if the marketing is better organised. Nevertheless, it has to be recorded that, for reasons which can be readily guessed, these societies were either short-lived or very intermittent in their activities. For a successful co-operative marketing society, a feeling of loyalty to the society is essential and this was only too often found to be lacking when the strain came. Co-operative marketing is a more advanced type of co-operation than co-operative thrift and credit, and it is significant that all successful marketing societies in this country emerged from groups which had belonged to co-operative credit societies.

As there was little to be gained during the depression from preaching thrift to a rural population which was finding difficulty in securing a bare living, small-holders were encouraged to find a solution on co-operative lines for other difficulties. The formation of village fairs encouraged the neighbouring people to plant vegetables and fruit and sell them at the local fair. With the return of better times, many of these fairs have been abandoned, but several appear likely to be permanent and their organisation has had the effect of teaching the small-holders that in times of emergency he can provide his own marketing organisation instead of remaining dependent on alien shop keepers.

One of the obstacles in the way of health propaganda in rural areas is the difficulty of getting an audience and then of getting any united action. A start was made on a small scale by using rural credit societies as channels for health propaganda. Health inspectors gave lectures and aroused the interest of members in keeping their surroundings clean and sanitary. A competition was started between members and the results were sufficiently gratifying to justify similar experiments in other areas. It is hoped later on to have inter-society competitions, but progress will probably be slow.

General purposes societies are being formed with a variety of different objects. Most of them, however, have some element of thrift in their composition. They form centres

for co-operative teaching in which the small-holders discuss their problems and develop the habit of association. When the members of these societies become conscious of their chief " needs in common ", separate societies to satisfy those needs will be formed. So far, these societies have certain achievements to their credit. One has built a rural school and teachers' quarters on a promise that if it did so, Government would supply a teacher. One has replaced the old water supply from wells by a piped (bamboo) supply from a neighbouring hill where a small dam was erected. Others have built small bridges, repaired mosques, fenced burial grounds, maintained bridle paths, discouraged lavish expenditure on social ceremonies, encouraged thrift in kind by receiving produce in small quantities and selling it in bulk, established a social centre where a vernacular newspaper is provided, built a bund to prevent flooding and, organised rat hunts to protect the padi crops from destruction. These activities are small in themselves, but it is hoped that they will develop a habit of joint action to achieve joint ends. When that is established, more ambitious projects may be attempted.

In conclusion, while it is true that statistically there has been little progress in agricultural co-operation during the years of depression, the time has not been wasted. Co-operative officers have spread their influence over a wider area and are becoming more widely recognised by the small-holders as their guides, philosophers and friends. There is much more inquiry in rural areas and more discussion. When talk takes shape in action, it will be possible to record a further advance in agricultural co-operation in Malaya.

NIGERIA

A CO-OPERATIVE officer has been appointed in Nigeria this year and a co-operative ordinance is being introduced, when it is hoped that many of the societies will have reached a sufficient degree of organisation to be registered.

In 1934 a cocoa co-operative marketing union was formed at Ibadan to which some 30 village societies were affiliated. Cocoa from these societies was marketed at a central store in Ibadan and the first season proved very satisfactory. At first the societies were a little diffident at bulking their cocoa with that from other villages, but they very soon realised the advantage of so doing and the movement is rapidly gaining the confidence of the farmers.

The total number of active members, and the quantities of cocoa handled by all co-operative societies, including those in the Cameroons, during the last five years, have been as follows :

Season.	*Members.*	*Tons of Cocoa.*
1930–31	1,494	551
1931–32	1,710	724
1932–33	2,548	1,289
1933–34	4,877	1,608
1934–35	6,277	2,189

Other figures for the last three years are as follows :

	Tons of Cocoa per Member.	*Total Receipts.*	*Average Price per Ton.*	*Total Reserves of Societies.*
		£	£ s. d.	£
1932–33	·50	20,277	15 14 7	445
1933–34	·33	19,113	11 17 2	577
1934–35	·35	34,908	15 18 11	704

The average premium per ton over F.A.Q. has varied according to provinces between £1 8s. 9d. and £4, and the average cost of marketing per ton incurred by societies varies between 3s. 4d. and 17s. 4d., the latter high figure being

incurred by the societies belonging to the Ibadan Union, which undertook transport services. It was balanced by correspondingly higher premiums. The percentage of cocoa reaching Grade I is high and has grown higher. In 1934–35 it varied between 92 and 100 per cent., according to province.

TRANSKEIAN TERRITORIES

THE following is a summary of returns rendered by secretaries of native co-operative credit and thrift societies in the Transkeian Territories:

Year.	*No. of Societies.*	*No. of Members.*	*No. of Deposits.*	*Total Deposits.*			*No. of Loans and Advances.*	*Total of Loans and Advances.*		
				£	*s.*	*d.*		£	*s.*	*d.*
1930	23	1,290	1,257	3,623	17	6	1,789	8,193	18	8
1931	26	1,182	929	2,418	5	0	1,700	5,835	8	8
1932	28	1,248	992	1,992	3	5	1,182	3,576	9	9
1933	27	1,107	953	2,001	13	5	799	2,828	9	5
1934	29	1,247	1,059	2,240	19	4	792	2,429	7	8

TRINIDAD AND TOBAGO

THE co-operative movement at present, in Trinidad and Tobago, consists of the following organisations:

(*a*) The Cocoa Planters' Association of Trinidad.
(*b*) The Co-operative Citrus Growers' Association of Trinidad and Tobago.
(*c*) The Tobago Producers' Co-operative Association Ltd.
(*d*) The Tobago Lime Growers' Co-operative Association Ltd.
(*e*) Five Co-operative Cocoa Fermentaries in Tobago.
(*f*) Fifty-one Agricultural Credit Societies (Trinidad 38, Tobago 13).

(*a*) COCOA PLANTERS' ASSOCIATION

This association continues to maintain its high reputation in the markets of the world, but with restricted trade, cocoa prices have been at a low level for some years, the net yield to members being $6·05 per fanega (110 lbs.) for the last season. At such prices very necessary work in maintaining cultivation has been of necessity reduced to a minimum, and the greatly improved yields for this year's crop as compared with the previous season, were due to the exceptionally favourable weather conditions which prevailed before and during the reaping period.

The crops handled by the association since its incorporation as a Company limited by guarantee are as follows:

Year.	*Quantity.*
Year ended 30th June 1916 . .	18,267 bags (165 lbs. each)
,, ,, 1917 . .	26,557 ,,
,, ,, 1918 . .	25,227 ,,
,, ,, 1919 . .	39,971 ,,
,, ,, 1920 . .	39,189 ,,
,, ,, 1921 . .	42,710 ,,
,, ,, 1922 . .	40,403 ,,

Year.	*Quantity.*
Year ended 30th June 1923	46,170 bags (165 lbs. each)
,, ,, 1924	43,677 ,,
,, ,, 1925	37,575 ,,
,, ,, 1926	47,418 ,,
,, ,, 1927	38,894 ,,
,, ,, 1928	52,448 ,,
,, ,, 1929	58,182 ,,
,, ,, 1930	58,975 ,,
,, ,, 1931	68,204 ,,
,, ,, 1932	45,138 ,,
,, ,, 1933	61,393 ,,
,, ,, 1934	33,386 ,,
,, ,, 1935	53,874 ,,

At June 30, 1935, the membership of the association was 276 estates with an estimated crop of nearly 12,000,000 lbs. of cocoa.

(*b*) The Co-operative Citrus Growers' Association of Trinidad and Tobago

This association commenced operations during the 1931–32 season, thus completing its fourth year on June 30, 1935. The exports by this association for the four years have been as follows:

Year.	*Grapefruit.*	*Oranges.*
1931–32	10,631 boxes	1,421 boxes
1932–33	3,802 ,,	422 ,,
1933–34	17,065 ,,	899 ,,
1934–35	48,583 ,,	3,437 ,,

With the assistance of a free grant of £725, and a loan of £2,175, free of interest for five years from the Colonial Development Fund, the association has been able to enlarge its packing house to about double its original size. Some changes and additions have also been made in the equipment including a colouring plant, and a machine for stamping the brand and country of origin on the fruit.

Excellent reports continue to be received by the association from markets abroad as to the quality of the Trinidad grapefruit.

(*c*) THE TOBAGO PRODUCERS' CO-OPERATIVE ASSOCIATION LTD.

This association was formed in January, 1934. With the aid of a loan from Government, the association acquired a freehold property in which an ice-making plant has been installed, and cool chambers for the storage of ice, meat, fish, fruit, etc., have been erected. Facilities for handling coconuts and copra, cocoa, corn, peas and other grains; plantains and ground provisions; fruit, tomatoes and vegetables; tobacco; fish, meat and poultry; have also been provided. Actual trading was only started in December last year, and at June 30, 1935, the general turnover amounted to $11,496·59, of which $7,739·88 represented agricultural products of the island. At the end of the financial year profits are pooled and divided *pro rata* among members. A cocoa fermentary has been attached to this association and will start operation with the coming crop.

The association is managed by a Board of Directors which consists of seven elected members. The membership at present is 114, which will probably be increased when the activities and objects of the association, as well as benefits accruing to members, are better known.

(*d*) THE TOBAGO LIME GROWERS' CO-OPERATIVE ASSOCIATION LTD.

This association was formed in 1930. With financial assistance from Government, and funds subscribed by members, the association has opened a lime factory which is equipped with a crushing plant and a distilling plant.

The following figures represent the quantity of limes handled during the five years of operation:

Year.	*Barrels* (160 *lbs.*).	*Year.*	*Barrels* (160 *lbs.*).
1930–31	1,550	1933–34	4,221
1931–32	2,221	1934–35	4,232
1932–33	3,593		

Of the quantity handled in 1934–35 season, large estates supplied about 5 per cent. and the peasantry 49 per cent.

The factory is worked on a co-operative basis, an advance

at a fixed rate per barrel being made to producers when limes are delivered at the factory, and at the end of the financial year any profits that may be declared are divided among the members according to the quantity of limes supplied. A green lime trade with Canada is being gradually established. The lime factory is controlled by a Board of Management. The membership is 470.

Unfortunately the price of lime oil fell considerably during the past year as the result of competitive selling agents of the West Indian Islands. The necessity for co-operative action among lime oil producers in these islands became imperative, and they finally agreed to establish one selling agency for all West Indian lime oil. By co-operative marketing it is expected to stabilise the market for lime, ensuring protection to the lime oil industry and a profitable return to growers.

(e) Co-operative Cocoa Fermentaries in Tobago

In addition to the cocoa fermentary attached to the Tobago Producers' Association, there are four co-operative cocoa fermentaries established in Tobago.

The first fermentary was started in 1928–29 with 11 members producing 122 fanegas (110 lbs.). Their present membership is 127, and at the end of June, 1935, the four fermentaries, two of which have just completed their first year of operation, handled 1,764 fanegas which is equivalent to 1,176 bags of 165 lb. each.

The following figures represent the crops handled annually by these fermentaries:

Year.	*Pembroke Fanegas.*	*Roxborough Fanegas.*	*Delaford Fanegas.*	*Parlatuvier Fanegas.*
1928–29	122	—	—	—
1929–30	222	—	—	—
1930–31	312	—	—	—
1931–32	320	177	—	—
1932–33	555	426	—	—
1933–34	383	295	—	—
1934–35	746	604	244	170

These fermentaries produce standard grade cocoa which is disposed of through the Cocoa Planters' Association of

Trinidad. The weather was, however, very unfavourable for the cocoa crop during the 1933–34 season, which accounts for the reduced crop handled.

(*f*) Agricultural Credit Societies in Trinidad and Tobago

There are 51 agricultural credit societies in operation at present in Trinidad and Tobago. Of these 22 are financed by private sources and 29 by Government.

The 22 credit societies that are financed by private sources are under the immediate control and supervision by the Ste. Madeleine Sugar Co. Ltd., and the majority of them are working satisfactorily. Their general secretary is Mr. Kenneth McKenzie who succeeded Mr. G. A. Jones when the latter joined the Imperial College of Tropical Agriculture. The membership is 775, and at the end of June, 1935, their indebtedness to the societies amounted to $31,745.97.

Of the societies financed by Government, 13 are in Tobago and 16 in Trinidad. The membership is 864 and the amount due by them at June 30, 1935, was $15,835.37 (Trinidad, $3,651.59; Tobago, $12,185.78).

Owing to the depressed value of cocoa on which the majority of the Tobago peasantry mainly depends, the credit societies there have, for some time, been unable to meet their obligations regularly. The Trinidad societies, with a few exceptions, are working well, and this is attributed largely to the fact that the loans to members, principally cane farmers, are confined to yearly crop advances repayable in one year.

BRITISH GUIANA

AN ordinance (No. 28 of 1933) to make better provision for the constitution and management of co-operative credit banks was passed by the Legislative Council on August 30, 1933. Under Section 3 (1) of this ordinance the Governor shall appoint for the general superintendence of all banks, a Board to be styled " The Co-operative Credit Banks Board." The Board shall consist of five members, one of whom shall be the Director of Agriculture. Under Section 3 (2) the Director of Agriculture shall be the Chairman of the Board and shall preside at its meetings, the Registrar being Secretary.

There were on December 31, 1934, twenty-seven banks on the register—15 in Demerara, 8 in Berbice and 4 in Essequebo. Three of these banks are non-functioning. At the close of the year the membership of the remaining 24 banks was 10,629; West Indians owned 46,686 shares and East Indians 27,715 out of a total issue of 80,219.

The lending capital of the banks is derived from two main sources—share capital subscribed by members and Government loans, the balance due to Government being $26,246.40 at December 31, 1934. Loans are made by the credit banks to members only and these are chiefly small agriculturists, with valid security, raising crops of padi, sugar cane, ground provisions, etc. Some business is also done with persons engaged in coconut oil manufacture, pig-keeping, cow-keeping, huckstering, diamond seeking, etc. Money is also lent for repair of buildings and purchase of properties.

In the following table a comparison of the business done in 1933 and 1934 by all the banks in the Colony is made:

Year.	*No. of Loans Made.*	*Amount Lent.*	*Loans Recovered.*	*Interest Collected.*
		$	$	$
1933 . . .	865	24,601.51	23,894.55	8,241.42
1934 . . .	671	20,144.71	20,067.29	8,082.41
Decrease . .	194	4,456.80	3,827.26	159.01

Under the " Rules for Co-operative Credit Banks " provision is made for the building up of reserve funds out of profits on the basis of 4 per cent. per annum on the paid-up capital of a bank at the end of its financial year. The total amount of investments carried out by the banks in this connection at December 31, 1934, was $33,324.97 and, in addition, $1,244.72 was further allocated by the various banks for 1934 to be invested later. There is also a Secretaries' Guarantee Fund in connection with the banks which stood at $3,411.41 at the end of 1934.

The position of the Wakenaam, Leguan, Den Amstel, Fellowship, Beterverwagting-Triumph and Eldorado Block Co-operative Credit Banks has not improved. These banks are still in a bad way on account of various causes and will not be able to meet in full their indebtedness to the Government.

GERMANY

BY

DR. RUDOLF HOERNIGK, *Halle*

THE roots of the German Co-operative Movement lie in the opening period of economic liberalism about the middle of the nineteenth century. Like the "Raw Materials Associations" first set up by Schulze-Delitzsch for the handicraftsmen, the rural co-operative credit societies, founded by Raiffeisen, were creations of those peasants who felt themselves individually weak in the industrial struggle. They came together in freely elected co-operative associations in order to have some kind of helping and protecting organisation and to promote their own relatively small industrial or agricultural undertakings. Existing within the framework of a liberal economic system, by which they felt themselves menaced, they were obliged to enter voluntary groupings in order to maintain themselves and to make progress. State help the co-operative societies declined and they had a long struggle to obtain State recognition, which was only accorded them with the passing of the Co-operative Law of 1869. Now at last they were able to go forward on firm legal ground as independent economic bodies resting on self-help, self-government and personal liability. But although this much advertised independence was maintained in theory up to the present time, yet the history of the German agricultural co-operative movement in the last decades has shown in practice many deviations from this principle. State support and State credits became necessary and were forthcoming through the State-formed "Prussian (later German) Central Co-operative Bank", which led to a many-sided State influence on co-operative development, an outcome which in no way corresponded to the ideals and objects of the founders of the movement.

With the political revolution in Germany in the year 1933, this struggle of an earlier period with a fundamentally liberal economic basis lost all meaning for the co-operative movement, either in the form of the maintenance of co-operation's right to exist or later of its independence of governmental or other influences. Today, German economic life rests on a co-ordination through the authoritative leadership of the State in which each sphere of economic activity and each organisation receives a prescribed field of action to which it is limited. Thus, co-operative societies regarded as supply, marketing or credit organisations of small economic units are assigned duties of the most varied description, since they show joint undertakings within their organisation which may also be used in the service of the new powers of direction in economic life. Above all, the tendency of the new economic leadership in Germany to promote the development of small and medium-sized industrial undertakings falls in with the purpose of the co-operative movement. Once these altered conditions, under which the German co-operative movement in general and the agricultural societies in particular now operate, has been fully grasped, then it is also possible to recognise the limits within which a comparison is possible with the co-operative movements of other countries which still find themselves within the framework of a predominantly liberal economic order. Of the detailed effects of this contrast, more will be said later.

The incorporation of the individual co-operative groups in the framework of the new economic order has caused a number of differences both in respect of their field of action and of the influence of the State on central co-operative organisations. For instance, although the industrial credit and supply co-operatives (Schulze-Delitzsch societies) have up till now only been brought into a loose organisational connection with higher authorities, the agricultural societies have been embodied in the " Reichsnährstand " (National Corporation of Agricultural Affairs), which includes every single person employed in any way in connection with agriculture. The administrative incorporation of agricultural

co-operation has been carried out under two Orders of the Reichsbauernführer Darré (National Peasants' Leader)[1] dealing with the previous organisation of the "Reichsnährstand", by which all agricultural co-operative societies, together with their federations (auditing unions and National Union) are made subsidiary to this organisation. In this way the co-operative societies form one of the four "main divisions" of the "Reichsnährstand". The other three divisions are concerned with "the protection of men", "the protection of the farm" and "agricultural trade". It soon, however, became apparent that in the field of work of the divisions of agricultural trade and co-operation there was much overlapping and competition, so that it was finally decided that these two main divisions (3 and 4) should be amalgamated to form a new Main Division 3 "Markets".[2] In forming Main Division 3 (Co-operation), the entire protective and supervisory functions of the Auditing Union had been taken over by the "Reichsnährstand". As a result, however, of a few months' actual experience, the need of releasing auditing functions was realised and this led to a re-establishment of the independence of the Auditing Unions. Since April, 1935, the organisational and financial independence of the Auditing Unions as well as of the central organisations of all agricultural co-operative societies in the National Union of German Agricultural Co-operatives—Raiffeisen has been re-established. On the other hand, the assignment of certain duties to agricultural co-operative societies still remains in the hands of the "Reichsnährstand". As in the matter of agricultural trade, for example, so in the sphere of operations of a co-operative society, it can proscribe by a binding Order and can take restrictive measures. Thus, co-operative societies have been given a definite place in the market regulation of dairy produce and eggs. The National Office, to which all butter, cheese and eggs must be offered before being put on the market, has only an administrative and registering function, while the co-operative societies work as purchasing and marketing

[1] December 8, 1933, and January 15, 1934.
[2] Order of February 4, 1935.

organisations. The fundamental idea of this regulation is to keep a better check on supplies offered and to organise distribution in relation to demand. It is not intended to make hereby any breach in trade organisation, rather should the former functions of wholesale and retail trade in distribution be retained even though a wider field of action has here been offered to the agricultural co-operative societies, and there is a certain tendency to give them a sort of monopoly position. For this reason it is anticipated that the membership of the co-operative societies which have so far come under consideration will still further increase, for up till now a large number of agriculturists have not been affiliated to them.

It is worth noting that none of the measures which have affected the field of operations of co-operative societies, and not only those connected with agriculture, have made any change in the legal structure of societies. The Co-operative Law has remained fundamentally unaltered. It is true that there have been some new regulations concerning the drawing up of balance sheets, questions of taxation and formalities in connection with the liquidation of societies which have been introduced into the existing law. All the fundamental co-operative regulations, such as voluntary association, self-government, the working of the business management and the supervisory council, have not been tampered with. However, there is a remarkable strengthening in the position of the Auditing Union, which can now exercise considerable pressure on the business management of individual societies. Under the Law of October 30, 1934, the audit carried on by an Auditing Union may no longer be confined as heretofore to formalities, but must extend to the entire business management of the society. The property owned by the society, the state of its assets, etc., must be included in the examination. Any measures recommended to the society in the auditor's report, must be carried out by the society in the next business year. If this is not done, the Union has been given power to force the society to comply.

The only really fundamental change in legal conditions

was brought about by a Law of December 20, 1933, which came into operation on January 1, 1934. From this date it has only been possible to form co-operative societies with unlimited liability or with limited liability. This is to be understood as excluding the earlier conception of " contingent liability " [1]; that is to say, the individual member is now only liable to the co-operative society and the creditor can also only apply to the co-operative society for the satisfaction of his demands. The so-called " individual charge " of a creditor against one or more members which was possible under an earlier form of liability, is excluded. It may be noted further, that the tendency of co-operation in Germany is more and more in the direction of limited liability.

Although, as noted above, the freedom of the member to enter an existing society or to found a new one is still fundamentally guaranteed, yet as a result of the action of the " Reichsnährstand " in transferring certain tasks to the co-operative movement, especially the regulation of marketing, many agriculturists have been brought to the compulsory need for founding or entering a co-operative society. This is especially true of the dairy industry. The *Reichs Commissariat für die Milchwirtschaft* (National Authority for the Dairy Industry) set up by the Law of July 20, 1933, divided the country into 15 milk regions with 70 milk supplying unions, which are entrusted with the carrying out of market regulations for milk and milk products in accordance with the purpose and under the instructions of the Reichs Commissar and the Chairman of the German Dairy Federation. The co-operative creameries in particular are called on to collaborate in this work. In the first year after the formation of this organisation, there were formed 1,642 milk collecting and processing co-operatives of various types. In this case it is possible to say that the co-operative societies have arrived directly at a kind of monopoly position in milk marketing and processing.

The following table will give particulars of the statistical

[1] By " subsequent payment."

development of German agricultural co-operation in the years 1933 and 1934:

	December 31, 1932.	*December* 31, 1933.	*December* 31, 1934.
Rural credit	19,565	19,363	19,029
Supply and marketing	4,142	4,076	4,089
Dairying	5,201	5,991	8,043
Livestock	534	540	637
Eggs	500	497	561
Fruit and vegetables	323	317	331
Wine	386	414	432
Electricity	5,743	5,664	5,572
Threshing	870	872	904
Machine using	209	210	207
Water supply	423	452	451
Pasturing	304	317	342
Miscellaneous	2,025	2,069	2,121
	40,225	40,782	42,719
Central Co-operatives	117	115	110

As may be seen from the above table, the keystone of the agricultural co-operative movement is formed by the credit societies, which have been the type of the whole agricultural co-operative movement in Germany, in contrast to other countries where marketing societies were the first to be formed and served as a pattern to the movement. According to the official statistics of the National Union, the individual membership, including double membership, was at the beginning of 1934, about 3·8 million for the various co-operative groups. Of these about 67·6 per cent. were agriculturists, the remainder being persons living in rural neighbourhoods, such as shopkeepers, clergy, teachers and other officials, who were usually members of rural credit societies in which they deposited their savings. Of the co-operatively organised agriculturists, 46 per cent. were small peasants owning less than five hectares of land; 38 per cent. middle peasants, (5–20 hectares); 15 per cent. large peasants (20–100 hectares), and ·1 per cent. large landowners.

If one wishes to judge of the general development of co-operation from the above table, it would appear that the downward movement, which took place as a result of

the crisis and of the rationalising measures then undertaken, has ceased since 1933. For that year we may in any case record an increase of 547 societies and for the period January to November, 1934, an increase of 1947, principally attributable to the 2,842 dairy societies formed in connection with the changes already described in the organisation of milk supply. On the other hand, there are other co-operative groups, in particular the credit societies, which up to the present time have continued to decline statistically. The 17,959 rural credit societies given in the table had, at the beginning of 1934, a membership of 1,924,266. The average membership of each society was 107 as against 108 in the previous year. Since 1931 there has been a decline in the average membership as follows: 1930—114·4; 1931—111; 1932—108. Of the total number of credit societies, 61·5 per cent. had not more than 100 members; a further 26·8 per cent. had a membership between 100 and 200, while less than 1 per cent. had a membership of 1,000 and over.

The working capital of rural credit societies at the beginning of 1934 amounted to 2·55 milliard Rm. and had scarcely altered since the previous year. A comparison of the actual figures would not give any useful results as the number of societies making statistical reports in each year has altered. A good picture of the development of working capital can, however, be given by means of an average for each society and each member as in the following table:

Year.	*Average of Total Working Capital.*	
	Per Society	*Per Member.*
1933	142,266 RM.	1,333 RM.
1932	139,666 ,,	1,299 ,,
1931	143,717 ,,	1,290
1930	149,672 ,,	1,308 ,,
1929	132,882 ,,	1,186 ,,
1913	184,450 mark	1,838 mark

In the last year there has been a sensible increase in the working capital per society and per member, while in the

years since 1930 there was a considerable diminution, principally attributable to the decline in savings deposits as a result of the financial crisis of 1931. The high total of $2\frac{1}{2}$ milliard RM. working capital in the hands of the societies shows where lies the strength of co-operative finance in agriculture. The total working capital of the co-operative central banks amounts to little more than one-third, that is 854 million RM., while that of the remaining agricultural societies (supply and marketing, dairy, livestock societies, etc.), only amounts to a total of about 900 million RM., and that of the agricultural central co-operatives (wholesale societies) to 251 million RM. Nevertheless, the working capital of the credit societies remains nearly one-fifth below the level of the last pre-War year (1913) and is on an average 42,185 RM. per bank, and 505 RM. per member lower than in that year.

Societies' own capital (shares, reserves and profits returned to the business) show an increase as compared with the previous year, 1933; but this may be only apparent, as the shares of members have diminished considerably, and the increase in reserves and sums returned to the undertaking, which amount to 36 million RM. since 1931, are principally due to the fact that some of the societies have reckoned the sums received from the State in the form of "co-operative help" as receipts until the final analysis, although these form part of owned capital. The following table gives the statistical development of the societies own capital:

	Average Shares of Members.		*Average Reserves and Accumulated Profits.*	
	Per Society.	*Per Member.*	*Per Society.*	*Per Member.*
1933 . . .	4,126 RM.	38 RM.	7,618 RM.	71 RM.
1932 . . .	4,428 ,,	41 ,,	6,392 ,,	59 ,,
1931 . . .	4,062 ,,	36 ,,	5,376 ,,	48 ,,
1930 . . .	4,168 ,,	36 ,,	5,546 ,,	48 ,,
1913 . . .	2,567 Mark	26 Mark	5,459 Mark	54 Mark

The decline in members' shares is a consequence of the

decline in membership since the crisis of 1931, but may also be attributed to the process of writing down which took place in the course of re-establishing the co-operatives.

The major part of the working capital of credit societies consists of outside capital contributed principally by the savings and deposits of members on current account and the credits of the co-operative central banks. Of these the most important item is the savings deposits, the development of which may be seen from the following table:

	Savings Deposits.	*Current Accounts.*
1934 . . .	1,613 mill. RM.	—
1933 . . .	1,470 ,,	221·7 mill. RM.
1932 . . .	1,477 ,,	246·7 ,,
1931 . . .	1,599 ,,	279·3 ,,
1913 . . .	2,166 mill. Mark	244·3 mill. Mark.

Insofar as the societies own resources derived from the deposits of members are insufficient to meet the demand for credit, advances from the central banks form a substantial part of the outside working capital. Sums received by the credit societies from the central banks are as follows:

	Total.	*Average per Society.*	*Per cent. of Total Working Cap.*
1933 . .	426·3 mill. RM.	23,739 RM.	16·7
1932 . .	418·7 ,,	23,889 ,,	16·3
1931 . .	428·4 ,,	22,992 ,,	15·9
1930 . .	393·3 ,,	22,277 ,,	14·8
1913 . .	230·5 mill. Mark	14,562 Mark	7·9

In comparison with the total working capital, outside capital amounts to 91·8 per cent. as against 92·2 per cent. in 1932. The societies own capital amounts to 8·2 per cent. of which 5·3 per cent. consists of reserves and profits returned to the undertaking, and 2·9 per cent. to the shares. The total working capital may be expressed in percentages as follows:

	Shares. %	*Reserves.* %	*Own Capital.* %	*Outside Capital.* %
1933 . .	2·9	5·3	8·2	91·8
1932 . .	3·2	4·6	7·8	92·2
1931 . .	2·8	3·8	6·6	93·4
1930 . .	2·8	3·7	6·5	93·5
1913 . .	1·4	3·0	4·4	95·6

Since the proportion of own capital to total working capital is regarded by the societies as still far from satisfactory, efforts are in progress to increase it, and since the formation of reserves through an increase of turnover must be limited, attempts are being made to increase share capital and the amount paid up on shares. The *profit and loss* shown in credit societies at the close of recent years was as follows:

	Profit.		*Loss.*	
	No. of Societies.	*Amount.*	*No. of Societies.*	*Amount.*
1933 .	13,775	9·31 mill. RM.	2,742	9·35 mill. RM.
1932 .	11,946	9·52 ,,	3,584	52·95 ,,
1931 .	14,408	14·00 ,,	3,143	38·58 ,,

Since the new Hereditary Farm Law has made it considerably more difficult for peasants to obtain mortgage credit, the greater part of agricultural credit must in the future be given on personal guarantee. It cannot be doubted that in this connection co-operative credit societies will have an advantage over other possible credit institutions and especially over the savings banks, since as a rule, they are much better able to judge of the personal creditworthiness of their circle of members. It may therefore be assumed that the business turnover as well as the membership of the credit societies will increase considerably in the course of the next few years.

Statistics of the supply and marketing societies (dairies excluded) at the end of 1933, show a total of 3,098 societies; total membership amounts to 400,928, giving an average of 129 members per society. The total working capital amounts to 255·1 million RM., with an average of 81·674 RM. per society and 631 RM. per member as against 103,075 and 102,150 per society and 792 and 787 per member in the two previous years. The changes are thus inconsiderable. The development in own capital may be seen from the following table:

	Shares.	Reserves and Accumulated Profits.	Own Capital.		
			Total.	Average.	
				Per Society.	Per Member.
	Mill. RM.	*Mill. RM.*	*Mill. RM.*	*RM.*	*RM.*
1933 .	18·7	24·5	43·2	13,965	108
1932 .	18·4	21·9	40·3	12,512	96
1931 .	19·4	42·7	62·1	18·244	140
1930 .	18·8	19·9	38·7	11,691	88

The total turnover in goods of the supply and marketing societies amounted to 525·3 million RM. as against 537·3 in 1932, divided as follows:

	Supply of Agric. Requirements.	*Marketing of Agric. Produce*
1933 . . .	250·9 mill. RM.	248·3 mill. RM.
1932 . . .	305·6 ,,	231·7 ,,
1931 . . .	353·5 ,,	273·1 ,,
1930 . . .	388·9 ,,	261·3 ,,

The decline in money turnover can in great part be explained by the general fall in prices, since the bulk turnover was higher in 1933 than in the previous year.

The dairy societies, which have been excluded from the figures for marketing societies, show a very marked increase since 1933 which, however, cannot be explained without reference to the new dairy marketing regulations already referred to in another connection. Thus, the increase in this particular co-operative group cannot be compared with the development of similar co-operatives in other countries, since the formation of such dairy societies and adhesion to those already existing cannot genuinely be ascribed to the initiative of the members taking part. The dairies and milk societies newly formed since 1933 have not all made statistical reports to the National Union. Of the 4,182 of which statistical note was taken at the beginning of 1934, 800 had been registered for the first time in the past year. The dairy co-operatives affiliated to the National Union at the beginning of 1934 amounted to 74·6 per cent. of the total. They had a total membership of 494,118. On the

question of the volume of milk handled, 3,905 societies sent in reports recording a volume of 5,403 milliard litre, including cream converted into milk for purposes of computation, as against 4,739 milliard litre in the previous year. The total output of milk and milk products may be seen from the following table:

	No. of Societies.	*Total Output in Mill. RM.*
1933	3,487	566·7
1932	2,954	515·1

The majority of the dairy societies closed the year with a net profit which has not occurred since 1928, while in 1932 and 1931, there had been losses of 3·5 and 2·3 million RM. In 1933 the net profit was 324,040 RM. and in 1934 it is expected to be distinctly higher.

In the present short sketch of the development of the German agricultural co-operative movement since the political revolution of 1933, it is not possible to treat all aspects of the movement with the same detailed statistical data. The major place which has been given in the foregoing exposition to credit societies is due to the central importance of this group for the whole agricultural co-operative movement. The development of the other groups can be shown in broad outline. From the general picture thus indicated, it can be seen that agricultural co-operation in Germany has rich possibilities of economic development under a completely altered State economic policy which has demanded many considerable modifications in the internal life of the co-operative societies.

COLLECTIVISATION AND COLLECTIVE FARMS IN THE U.S.S.R.

CONTRIBUTED BY THE U.S.S.R. SOCIETY FOR CULTURAL RELATIONS WITH FOREIGN COUNTRIES

PRE-REVOLUTIONARY Russia had the most backward agriculture in the world and counted many millions of small and diminutive peasant farms.

The make-up of the country, as can be seen from the following distribution of land, was of basic and decisive importance :

	No. of Holdings (in Millions).	*Million desiatins* [1]	*Average per 1 Holding.*
Small peasants . . .	10·5	75·0	7·0
Middle peasants . . .	1·0	15·0	15·0
Peasant middle-class and capitalist landholdings . .	1·5	70·0	46·7
Latifundia of landlords, princes and imperial family .	0·03	70·0	2333·0
	13·03	230·0	17·6

The land held by the peasants did not, as a rule, form a contiguous stretch of land, but was broken up into small lots and scattered fields intermingled with lots of other peasant forms.

In 1917, on the eve of the October Revolution, nearly one-third of the peasant farms were without any working cattle, while half possessed only one horse each. The stock of agricultural implements was no less poor ; perhaps half the agricultural implements consisted of primitive ploughs and scythes, wooden ploughs were still in use and only a few modern improved implements existed, which were concentrated in the hands of the rural middle-class and the

[1] One desiatin equals approximately one hectare (2½ acres).

landlords. There was one threshing machine for 129 farms, one hay-mower for 104 farms, one harvester for 70 farms, and so on. Land shortage, scattered fields, primitive implements and backward technique resulted in bad harvest and famine, placing the peasants at the mercy of the weather. Thus the peasants were forced into serfdom to sell their labour to the landowner, to the village kulak, to the usurer. All this led to poverty, sickness, high mortality and fully justified the name given the pre-revolutionary village: the "dying village."

By decree of October 26 (November 8th), 1917, the October Revolution abolished private land ownership. The whole of the land was declared State property not subject to sale or purchase. One hundred and ten million hectares of land confiscated without compensation from the landlords, the monasteries, the imperial family and the bourgeoisie, were turned over to the toiling peasantry. Only a small portion of the confiscated land was utilised for the organisation of large State farms and communes formed by agricultural labourers and poor peasants. The Committees of Poor Peasants that were formed after the Revolution in a considerable number of districts of the R.S.F.S.R. carried through a re-distribution of the land held for use, based upon the number of heads in a peasant family, and levelled to a certain degree the property relations in the village. Thus, the October Revolution carried out in reality the centuries-old land dream of tens of millions of peasants.

Nationalisation of the land was but the first act of the Soviet Government in the transformation of a backward agrarian country into an advanced industrial one. However, even after the nationalisation of the land and its distribution among the toiling peasants, agriculture on the whole remained divided and broken up into small peasant holdings, which hindered the introduction of advanced agricultural technique and the possibility of raising the well-being of the village.

Two roads were open to agriculture for its further development. The capitalist road, consisting of consolidating agriculture by the introduction of capitalist methods—a road

leading to the impoverishment and misery of the overwhelming majority of the peasants. Needless to say, this road was inacceptable and, by its very nature, incompatible with Soviet principles, and was therefore rejected. But there was another road, the road of socialist development of agriculture through the organisation of state and collective farms, leading to the combination of small peasant holdings into large collective farms equipped with the latest machinery—a road which involved the driving out and liquidating of capitalist elements. It was precisely this new form of development which brought about a complete revolution in agriculture that was in full accord with the whole Soviet economic system and with the program of reconstruction of the entire national economy.

During the entire period preceding that greatest change in history undergone by tens of millions of peasants who entered the road of collectivisation, the practical work of the Soviet Government consisted in preparing the ground and the conditions for this change. The immediate task was the organisation of peasant farms on a co-operative basis, extending material and technical aid, and the gradual change of the petty-property mentality and habits of millions of peasants who had only yesterday been emancipated from serfdom of the landlords and of the rural middle-class (kulaks). Hence the necessity to prove to the peasants the advantages and unquestionable superiority of the large-scale co-operative methods of land cultivation by facts and the experience of the large State farms and of the collective peasant farms.

The Soviet Government devoted ten years of persevering work in order to create the prerequisites for the great change that took place in 1929–30, when the overwhelming mass of the toiling peasantry voluntarily and resolutely entered the road of collectivisation. This period was marked by a steady and consistent co-operative growth in the village, by a gradual re-education of the peasants and by a strengthening of the alliance between the working class and the toiling peasantry. In the beginning, the most favoured farms were societies for common soil-tilling, the forerunners

of the present agricultural artels and collective farms. In these societies the peasants united for the common tilling of their land, combining their agricultural implements for the period of work only, whereas the land and all the means of production were still not collectivised and remained under individual control of the members of the society.

During that period a new powerful Soviet industry was being established, strengthened and developed at an increasingly fast rate, making it possible to aid the collectivisation of agriculture by supplying such a quantity of tractors, agricultural machinery, mineral fertilisers, electric power and other means of production, as could never have been possible in rural Russia under the tzar. In order to foster collectivisation and to place the most modern machinery at the disposal of the collective farms, thousands of Machine and Tractor Stations (M.T.S.) were established by the State, equipped with an abundant supply of modern agricultural machines and implements. These M.T.S. played a tremendous rôle in the transformation of our agricultural economy. Through the M.T.S. was found the happy form of State aid to the peasants who entered the path of collectivisation ; with their aid a new up-to-date, centralised technique was introduced and assistance was given in the organisation of collective farms, in cementing them, in imbuing the peasants with the habits of rational large-scale cultivation, in educating them, and so on. The rôle of the M.T.S. grew, particularly after the organisation of the Political Departments of the M.T.S., when tens of thousands of the best organisers were sent to the rural districts to organise the work and to give direct aid to the collective farmers.

The organisation of the M.T.S. brought about a drastic change in the appearance of the villages and the rural localities. Agricultural machines and implements of a quantity and quality which tzarist Russia could not even dream of are concentrated in the M.T.S. The " new people "—the agronomic specialists, zoo-technicians, mechanics, fitters, etc.—a whole army of enthusiasts actively working for the success of collectivisation are concentrated in the M.T.S.

The M.T.S. means electric light, automobiles, good roads. Hundreds of millions of rubles were assigned by the State to set up thousands of these new centres of collective farming, thus inducing millions of individual farmers to turn to the new forms of collective land-cultivation. The services rendered by the M.T.S. are on a contractual basis; they enter into agreements with the collective farms pursuant to which, for a fixed remuneration, they perform the most substantial farming operations with their tractors, implements and machinery, and render to the collective farms agro-technical aid.

The year 1929, as pointed out above, was the year of the great change in the rural economy of the U.S.S.R., of the definite triumph of the principles of collective farming and of the going over of the peasants into artels en masse. The significance of this great change consisted in that the collective farms were joined not by individual groups of peasants, as had been the case previously (collective forms of agriculture existed from the very beginning of the history of Soviet rule), but the collective farms were now joined by the basic and decisive mass of the middle peasants, which fact was decisive for the further development of agriculture on a socialist basis. Thus the most difficult problem of the October Revolution was solved—the turning of the millions of the peasantry to the road of large scale socialised agriculture of the same type as the industrial and other forms of national economy in the U.S.S.R.

The agricultural artel constitutes the predominant form of collective farming at the present stage. Mechanisation was pushed rapidly forward through the M.T.S. and by 1934, 75 per cent. of the ploughing and threshing, and 37 per cent. of the harvesting on collective farms was carried out by mechanised means. The mechanisation of the collectivised agriculture is accompanied by extensive improvements in agrarian technique, rotation of crops, grading, chemical treatment, etc. Furthermore, credits on long terms were granted to collective farms to the extent of 500 million rubles, while 500 million rubles of their debts of past years were written off. Political departments were

organised at all the Machine and Tractor Stations and 15,000 of the best organisers were sent to help the collective farmers in their work to help them get rid of the kulak and other elements that hindered and interfered with the strengthening of the collective farms.

The net result of all these measures was the rapid advance of agriculture and the great improvement in the well-being of the millions of collective farmers. At present only 18 per cent. of the peasant farms are not collectivised and there is no doubt that they will unite into collective farms during the period of the second Five Year Plan. At the present time the collective farms cultivate 90 per cent. of the entire sowing area, and together with the State farms, they turned out 91 per cent. of the whole output of marketable grain in 1934.

The constitution of the agricultural artels was drawn up and adopted by the Second All-Union Congress of Collective Farm Shock-Workers in February, 1934. The whole work of the artel is now carried out on the basis of this constitution. (Prior to this a constitution adopted in 1930 was in force.) Under the new constitution particular responsibility is placed upon the directors of the artel in increasing the harvest on the collective fields. It is the duty of the artel " to extend the sowing area by way of utilising the whole of the land that is held by the artel, by improving non-arable land and rendering it fit for cultivation, by ploughing up virgin soil, and by improving the land within the collective farm," to make full use on a socialised basis of the available hauling power, of all the implements and stock, seeds and other means of production belonging to the artel, as well as of all the tractors, motors, threshers, combines and other machines supplied by the workers' and peasants' state through the M.T.S. in aid of the collective farms, to establish proper care of the collectivised live-stock and implements, ensuring the preservation of the stock and implements of the collective farms.

Further: " to organise cattle-raising farms, and where possible also, horse-breeding farms, to increase the herds

of cattle, to improve the species and the productivity of the cattle, to help those members who work honestly in the artel in procuring a cow and small cattle, to provide service of pedigree breeders, not only for the cattle of the farm, but also for the cattle in the personal use of members of the artel, to observe the established zoo-technical and veterinary rules . . ." "To develop all the other branches of agricultural production," taking into consideration local climatic conditions, to foster handicraft industries, fisheries, etc.

" . . . To organise the construction of houses and public building on a collective basis; to raise the cultural level of the members of the artel, to introduce newspapers, books, radio, cinema; to establish clubs, libraries and reading rooms; to set up public baths, barber shops, etc."

As already said, the basic form of collective farming at the present time is the agricultural artel. At the present stage the agricultural artel properly combines the personal everyday interests of the collective farmers with the interests of the State. The land areas of the artels can under no circumstances be curtailed; the whole of the land that is held by the collective farms is, under the constitution, turned over to them for indefinite use, *i.e.* in perpetuity. At the same time the individual member of the collective farm is allotted, for personal use, a plot of land adjoining his cottage, the size of which varies from a quarter to half of a hectare, and in some districts up to 1 hectare. The member of the collective farms retains also for personal use a stated quantity of large and small cattle, pigs, and an unlimited quantity of poultry and rabbits. The quantity of cattle allowed to remain in personal use is fixed in accordance with local conditions and the nature of production in which a given collective farm is engaged. The individual member of the collective farm retains for personal use the living premises and the minor farm equipment required for working on the plot of land attached to his cottage. In this manner the personal interests of the collective farmer and the interests of the artel are so well combined that the collective farmer, while having

property of secondary value under his private control, is interested in the utmost increase of productivity of labour and in profitable working of the collective farm as a whole, even for the sake of the personal property which he retains.

The artel carries on the collective economy in a planned manner; the plan sets forth the scope and terms for carrying out the basic agricultural operations. The plans are drawn up by the collective farms in accordance with the plans of agricultural production drawn up by the Government for the whole of the Soviet Union, and also with the plans drawn up for the different provinces and districts. The production plans of the collective farms are drawn up in such a manner as to satisfy all the needs of the members and of the collective farm as a whole, while providing for full and timely discharge of the obligations of the artel to the State in the matter of delivery of agricultural produce (*i.e.* selling to the State a specified quota of agricultural products at fixed, equitable State prices).

The business of the artel is managed by the general meeting of the members of the artel and at intervals between general meetings, by the Board elected by the general meeting. All the essential questions, such as the annual production plan, the estimate of income and expenditure, the plan of construction, the agreement with the M.T.S., are decided exclusively by the general meeting of the members. The general meeting is considered valid only if attended by not less than one half of the total membership, and in regard to the election of members of the Board and of the chairman of the artel, also on questions of expulsion of members, and on questions of distribution of the various funds of the artel, there must be a quorum of not less than two-thirds of the total membership of the artel.

The new constitution raised the authority of the general meeting of the collective farmers, by stipulating that it is the highest administrative organ of the artel. The board of the artel, elected by the general meeting of the collective farmers is the executive organ of the artel and is responsible before the general meeting. For the everyday guidance of the work of the artel and its brigades, and for everyday

control over fulfilment of the decisions of the board, a chairman of the artel who is at the same time the chairman of the board, is elected by the general meeting. In order to assure a stable leadership, the chairman of the artel is elected for two years.

The artel elects an Auditing Committee, responsible to the general meeting, the duties of which are to check up on all financial and economic activities of the board. Auditing is carried out four times a year. All toilers, men and women who have reached 16 years of age, are eligible to membership in the artel. Persons deprived of electoral rights and kulaks are not eligible for membership in the artel. Women play an outstanding rôle in the development and strengthening of the collective farms. One third of the delegates to the All-Union Conference of Collective Farmers were women and thousands of women hold leading positions in the collective farms. The success of agricultural collectivisation has not only freed the women from the hopeless misery of small farming, but has also given them equality as well. The collective farm protects the right of motherhood of the women workers. Children's institutions, notably crèches, are to be found in collective farms in ever increasing numbers ; the woman collective farmer is granted by the constitution a special leave of absence before and after childbirth during which period she receives full pay based on her average earnings.

The funds of the artel are made up of admission fee (from 20 to 40 rubles per member, depending upon the size of his property), of the value of the socialised owned property of the members of the artel, and the products and money is realised by the artel from the harvest. The artels set up two funds : the non-divisible fund of the artel, and the fund of the share contributions of the members of the artel. If a member quits the artel, the Board must settle his account and refund him his share.

Out of the harvest and the products of cattle farming obtained by the artel, the artel at the end of the year discharges its obligations to the State, selling to the State a specified quota of produce at fixed prices according to plan,

repaying the loans, settling with the M.T.S. for its services, and fulfilling the obligations under free sales contracts; next it fills the bins with seed for the future sowing and with fodder for the collective cattle for the coming year, sets up an insurance fund for the event of a bad harvest, and also, by decision of the general meeting, funds for relief, for invalids, old people, maintenance of crèches. These funds must not exceed two per cent. of the gross production. The balance of the production is distributed among the members of the artel according to their earnings by work-days. The individual member may dispose of the products thus earned as he deems fit. He may sell them to the State, to the co-operatives, or in the open collective farm-market, directly to the consumer, at prices that obtain in a given market.

The money revenues of the artel are disposed of in a similar manner; the taxes are paid, current expenses are met (repairs, treatment of cattle, etc.), administration expenses, which must not exceed 2 per cent. of all money income, are defrayed, provision is made for cultural needs, training of workers, establishment of crèches, radio installation, etc., debts are paid off, etc. The new constitution provides for an annual addition to the non-divisible fund of the collective farm: for extensive building operations, for the purchase of machines and cattle, for paying off indebtedness, etc. However, this reserve is limited by the constitution from 10 to 12 per cent. of all the money revenues of the collective farm. The balance of the revenues must be shared out among the individual members of the collective farm.

All the expenditures of the collective farm are incurred in accordance with the annual estimate approved by the General Meeting and the Board is not allowed, without the consent of the General Meeting, to expend funds on purposes not provided for in the estimate. The principal criterion in sharing out among the members of the collective farm, both in the money and kind revenues, is that of work-days put in. The *work-day* is the conventional unit for the appraisal of the work of the individual member

of the artel. For each kind of work a definite quota is established which can be fully achieved by every honestly working collective farmer. The number of work-days at which the quota for each given kind of work is assessed, is determined according to its nature, importance and complexity. The annual sum-total of the work and income of each individual collective farmer is expressed in the number of work-days to his credit. The more honest, painstaking and skilled the individual collective farmer is, the greater the number of his work-days, *i.e.* the larger his individual income. In the course of the year the members of the artel receive advances both in money and in kind on account of their earned work-days, in amounts and in the manner laid down in the constitution. All the work in the artel is done by the personal labour of the members of the artel. The hiring of outside labour is admissible to a limited extent and in cases provided for in the constitution. Agricultural work is carried on by brigades on a piece-work basis.

The advantages of large scale collective over individual small farming and the growth of technical knowledge in the collective farms led to a rapid increase of the gross agricultural output in the U.S.S.R. During the two years of the second Five Year Plan the average annual increase of the agricultural output in the U.S.S.R. was 6·5 per cent., while in the U.S.A., during the period of 1925-29, the yearly increase was not more than 1·7 per cent. High productivity in the collective farms, new technique and improved methods of tilling, yielded an excellent harvest in 1934, despite a number of distinctly unfavourable weather conditions of the spring and summer of that year. In comparison with the pre-War level, 850 to 900 million poods of grain more were harvested in 1934. Further, the collective farmers are sowing 30 million hectares more than they sowed when they were individual farmers; their gross harvest of cereal crops in 1934 was larger by 1·3 billion poods over the harvest obtained by them before collectivisation, and the marketable output of the collective farms has increased by nearly 1 billion poods. The considerable increase in the gross yield of agriculture naturally led to

an increased well-being of the collective farms and of the collective farmers.

The successes of collectivisation warrant the concrete task set for 1935—to increase the gross agricultural output by 2·5 billion rubles, or 16·4 per cent., which will finally bring up the agriculture in the U.S.S.R. to the rate of development of the Soviet industry.

FRANCE

BY

LOUIS TARDY

CO-OPERATION in agriculture is a primary interest in France, where small and medium holdings predominate. Its development has proceeded more rapidly during the present economic crisis because agriculturists have understood that they must associate even more closely in order to reduce as far as possible the cost of their undertakings and to sell their produce under the most advantageous conditions.

AGRICULTURAL MUTUAL CREDIT BANKS

The agricultural mutual credit banks which are true co-operative societies, continue to play a leading part in the development of agricultural co-operation and mutual aid in France. They bring to the isolated farmers and to their associations help which is particularly valuable during a period of economic crisis. On December 31, 1934, there were 98 regional banks and 6,134 local banks, to which were affiliated 575,654 agriculturists. To these must be added about 650,000 peasant families, affiliated to agricultural co-operative societies and about 2 million agriculturists, members of agricultural syndicates, who receive indirect benefit from agricultural credit. The total share capital of the agricultural credit banks exceeded 205 million francs on December 31, 1934, and they had reserves of over 233 million francs. According to the Law of August 5, 1920, which governs mutual credit and agricultural co-operation, the credit banks may make loans to their members at short term, medium term and long term, and long-term loans may also be made to collective institutions. A Decree Law of September 28, 1935, has amended the Law of August 5, 1920, in certain directions. In particular, the maximum duration of medium-term loans has been in-

creased from ten to fifteen years, and that of individual long-term loans from twenty-five to thirty years, so long as the age of the borrower does not exceed seventy years on the date when the last instalment falls due. The following table gives the total of loans granted and repayments received for each form of credit since its initiation, as well as the total of current loans in francs on December 31, 1934:

Type of Loan.	*Total Loans up to December 31, 1934.*	*Total Repayments.*	*Current Loans on December 31, 1934.*
Short term . .	8,660,400,000	7,412,200,000	1,248,200,000
Medium term . .	1,860,100,000	1,021,600,000	838,500,000
Individual long term (purchase of rural holdings) . .	1,205,500,000	451,000,000	754,500,000
Long term as above (ex-servicemen and War victims) .	500,700,000	188,500,000	312,200,000
Long term to co-operative societies and other associations	569,900,000	372,500,000	197,400,000
Total .	12,796,600,000	9,445,800,000	3,350,800,000

For a number of years agricultural credit institutions have come to the assistance of farmers by putting at their disposal in the form of short term loans such funds as they may temporarily lack owing to difficulties in disposing of their produce. In this way, the agricultural credit banks have financed the grain harvest in particular and so have made possible the organisation and defence of the market by permitting producers to warehouse their produce and sell it in a gradual and orderly manner. According to reports received from the regional banks, the total loans granted in order to finance the wheat harvests of 1931 1932, 1933 and 1934, amounted on January 31, 1935, to 1,218 million francs. Of this, 780 million francs has been repaid and the sum outstanding at that date was 438 million francs. In 1935, a program for financing viticulture through the agricultural credit banks was in contemplation.

Co-operative Production and Processing

Agriculturists are recognising more and more the benefits of association which give them very appreciable advantages in the processing and sale of their produce and in the purchase of the raw materials and implements which they require. Association also makes it possible for them to carry out jointly such operations as threshing, both under better conditions and with economies which sensibly reduce the cost of production. The agricultural credit service continues to facilitate the development of such societies by advancing them long term loans. In 1934, the National Agricultural Credit Bank made 171 long-term loans to agricultural co-operative societies amounting to about 33 million francs.

Co-operative wine societies perform valuable services for the small and medium vine-growers whom they deliver from the heavy expense involved in the purchase and upkeep of their own wine-making plant. Co-operative societies which make use of perfected apparatus and modern methods produce wine of the best quality and are able to ensure its preservation under good conditions. They can thus more readily find outlets and sell under more advantageous conditions. In 1934, the National Agricultural Credit Bank made 30 long-term loans to co-operative wine cellars to a total value of 7·2 million francs. On December 31, 1934, 566 cellars had benefitted by long-term advances to a total of 226 million francs. The capacity of the existing co-operative cellars is about 6 million hectolitres or more than 10 per cent. of the average wine production of France.

The co-operative wine cellars have formed several unions and regional federations and a national confederation for the study and defence of their economic interests. These unions also frequently undertake a search for new outlets. At the present moment there are 14 federations of which 10 are in the south.

Co-operative distilleries are the normal complement of co-operative wine cellars. Their equipment permits vine-growers, especially in districts of small vineyards, to make

the most of wines of indifferent quality and of wine residues formerly unused or sold at a trifling price. The development of such societies has been remarkable in some districts, like that of Loir-et-Cher, where small vine-growers had been in the habit of handing over their distilling to private contractors. In this department, 50 co-operative distilleries have been established, in which the cost of distillation has been not more than 40 per cent. to 60 per cent. of that charged by a distillery contractor for the same volume. In 1934, the National Agricultural Credit Bank made a long-term advance of 275,000 francs to a new co-operative distillery set up in the department of Hérault.

Co-operative beetroot distilleries have been formed in fairly large numbers in various districts, especially in the North, where beetroot is an important rotational crop. They make it possible for the producer to get an advantageous price for his harvest.

Co-operative cheese and dairy societies, which are of a very ancient origin, give their members all the advantages of joint processing and sale of their milk and also do something to regulate the market. Farmers thus get their full share in the proceeds of the sale of milk and its derivatives, which in France amounts to an annual value of 15 milliard francs. The quantity of milk handled by co-operative societies probably amounts to about 14 per cent. of the total. In 1934, 3,523,000 francs were advanced at long-term to 20 new co-operative dairy societies in different departments of France. In addition, 1,508,000 francs were advanced in supplementary loans to 13 societies, in order that they might modernise their plant and methods.

Like the wine societies, co-operative dairies are grouped in unions or federations, which give them valuable service. The Federation of Dairy Co-operatives and Syndicates for the Paris region has a membership of 36 co-operative societies with 19,000 members, 18 syndicates with 12,000 members, and 5 unions or departmental federations, with 16,000 members. The output of these societies, which in 1934 amounted to nearly 400 million litres of milk, is almost entirely sold liquid in Paris. The Federation of Co-operative

Dairies of Touraine, Maine, and Anjou has a membership of 19,000 farmers affiliated to 28 dairies, which in 1934 produced more than 5 million kgs. of butter. The Central Association of Co-operative Dairies of Charentes and Poitou has a membership of 89,000 farmers, affiliated to 140 dairies, which in 1934 handled about 500 million litres of milk and produced 21½ million kgs. of butter.

The co-operative production of casein is carried on through the Co-operative Union of Casein Factories in Charentes and Poitou, with a membership of 41 dairies and an output, in 1934, of about 3½ million kgs. of casein valued at 10 million francs. The co-operative federation of casein factories for Aunis and Saintonge formed in 1928, has a membership of 15 co-operatives and an output, in 1934, of about 1·4 million kgs. The greater number of the regional and departmental federations are themselves members of the National Co-operative Dairy Federation, with headquarters in Paris.

Societies for the use of agricultural machinery have developed, particularly in districts of small-scale cultivation, where farmers are unable to acquire, individually, relatively costly implements. They render valuable service to agriculturists, especially in undertaking threshing at a lower price than that charged by private contractors. The number of co-operative societies for threshing and the use of agricultural machinery is at present about 1,800 ; more than 1,000 of them have been formed with the help of agricultural credit and the advances they have received exceed 39 million francs. The threshing societies have formed regional and departmental unions, which each year put through joint orders for coal, oil, petrol and binder twine, and so are enabled to purchase at advantageous rates. There also exists a National Federation of Threshing Co-operatives and Syndicates, to which are affiliated 600 local and a dozen departmental unions.

Co-operative mills have existed in France for a number of years. Some of them have sought an alliance with co-operative bakeries, but in most cases they have only obtained good results by themselves undertaking baking operations.

Such co-operative societies are most frequently met with in the Departments of Ain, Aube, Charente, Charente-Inférieure, Gers, Indre-et-Loire, Isère, Lot-et-Garonne and Savoie. Grain producers have also formed associations for the construction of suitably equipped silos in order to facilitate the holding and orderly marketing of their members' harvests. These grain co-operatives have been formed in a number of different districts in France; most of them are grouped in departmental unions to the number of about 30, which are in turn affiliated to the National Union of Agricultural Co-operative Societies for the Sale and Processing of Wheat. In 1934, the National Agricultural Credit Bank made long-term advances to 24 new co-operative warehouse societies to a total value of 7·6 million francs.

Although the effects of the economic crisis have been deeply felt in agriculture, the general position of agricultural institutions on a mutual and co-operative basis remains satisfactory, thanks to the careful management and experience of their directors who have been able to carry out their mission in the best interests of the farmers during the difficult period through which we are passing.

THE FRENCH COLONIES, MANDATES AND PROTECTORATES

MUTUAL and co-operative institutions continue to develop normally in the overseas territories and bring valuable assistance to agriculturists in the critical period through which they are now passing.

North Africa

Algeria. The present organisation of agricultural credit consists of 24 regional banks with a membership of 310 local banks, to which are affiliated 34,300 agriculturists, both colonists and natives. A Decree Law of October 4, 1935, created a central institution, the Algerian Agricultural Credit Bank, and reorganised the existing mutual agricultural credit institutions. A Decree of October 29, 1935 established the conditions under which this Law should be applied.

On December 31, 1934, the total of short-term loans amounted to 678 millions and the loans granted in the course of the year amounted to 35 million francs. Medium-term loans amounted to 17 million, ordinary long-term loans to 25 million and long-term loans to military pensioners to 12·5 million. These operations were carried out in the ordinary way through the medium of the Agricultural Land Bank of Algeria.

Agricultural indebtedness raises almost as grave problems in Algeria as in Tunis and Morocco. Agricultural debts, European and native, both those that are and those that are not secured by a mortgage, have been estimated at about 3 milliard francs, to which must be added a heavy burden of accrued interest at rates varying between 8 per cent. and 10 per cent., without taking into account debts contracted at an usurious rate. The consolidation and relief of debt is imperative within a very short time if forced expropriations of a ruinous character are to be avoided.

It was with this object in view that the Law of April 4, 1935, authorised the General Government of Algeria to guarantee up to a total of 400 million francs, such operations as might be effected by an agricultural loan bank of a public character, the working of which would be controlled by an order of the Ministries of the Interior and of Finance dated April 19, 1935. This bank is required to carry out operations of debt consolidation and any subsidiary duties which may subsequently be conferred upon it. In particular, should the Bank of Consolidation decide to go into liquidation the Agricultural Loan Bank will take over the assets and liabilities and be empowered to carry on the business of this organisation.

Those who are entitled to obtain advances for the purpose of repaying their debts are persons working an estate in Algeria of which the present lettable value does not exceed 30,000 francs on January 31, 1935. Obligations assumed by individuals at a date prior to February 1, 1935, and up to a maximum of 180,000 francs may be taken over by the bank, which then undertakes to deal with the creditors. Such advances made at a moderate rate of interest will make it possible for the borrowers to free themselves from loans contracted at usurious rates.

It must be added that a part of the available funds of the Agricultural Loan Bank must be used to permit the opening of credit accounts for the current season by agriculturists who are no longer able to get credit either from the ordinary banks or from agricultural credit banks.

The development of agricultural co-operative societies for production, processing, storage and sale, of which the number is at present 334, remains satisfactory and the General Government facilitates the creation of such institutions by long-term loans. The activity of the co-operative movement is also apparent in the increase in the number of agricultural syndicates (240), mutual insurance societies against agricultural risks, and native friendly societies (about 230).

Tunis. The Regional Bank of Agricultural Mutual Credit of Tunis has at present affiliated to it 72 local banks, of

which some are mixed, that is to say open both to French colonists and to natives, and the others exclusively native. The total number of local banks amounts to 102. The Regional Bank has share capital of 2,850,000 francs, and reserves amounting to 4,720,000 francs. The advances which it has received from the State amount to about 27 million francs, of which 3·5 million are exceptional advances. The current loans amount to 18·5 million francs at short term, 16·7 million francs medium term, and ·6 million francs long term. Deposits amount to 38 million francs, of which 16 millions are deposits at sight and the remainder of longer period.

Tunisian friendly societies advanced seed loans for the season 1933–34 to the number of 83,000 and a total value of 34 million francs. Loans against security amounted on September 30, 1934, to 2·2 million francs. Since the Decree of February 21, 1934, these institutions have been substituted for the Public Office of Native Agricultural Credit. The field of action of the Native Land Bank was substantially extended by the same Decree with a view to facilitating the relief of agricultural debts; in particular, the benefits of this bank are no longer confined to natives but are open to all agriculturists, both French and Tunisian, on the sole condition that their principal occupation is agriculture and that they are themselves cultivators. In addition, the maximum duration of mortgage loans has been extended from fifteen to twenty years and the maximum for loans from 120,000 to 360,000 francs. The rate of interest on loans, which was formerly from 7 per cent. to 8 per cent., according to whether the mortgage was on real estate or not will henceforth be specially fixed in each case but may in no case exceed by more than 2 per cent. the rate of interest charged on the last loan made by the bank.

Debt relief is also carried on by the Tunisian Credit and Consolidation Bank, created by the Decree of January 4, 1934, which, however, only intervenes in order to take over the liabilities of agriculturists who find themselves in a particularly critical position necessitating exceptional state aid. By November 30, 1934, this institution had received

2,045 applications for a sum of approximately 153 millions. Four-fifths of these applications came from native cultivators and the remaining fifth from French colonists. More than 800 of these applications have been examined, and 460 valuations have taken place. Finally, 205 cases have been taken up to a total value of 8·1 million francs. The average reduction to which creditors have agreed, is 11 per cent. for natives and 20 per cent. for French colonists. It may also be noted that the Tunisian Land Bank was authorised by the Decree of November 10, 1934, and January 8, 1935, to issue land bonds up to a value of 194 million francs, destined for the redemption of credits secured by mortgage and pledge by agriculturists. Such credits are subsequently revised by the bank according to the ability of the debtors. This system for the redemption of loans was completed by a procedure permitting the debtor, threatened by forced sale, to obtain a stay of execution from a legally constituted Commission.

Under the Decree of February 13, 1934, agricultural co-operative societies may be freely formed without any authorisation from the Government and are subject to all the provisions of the French law relating to societies of the same character and not conflicting with local legislation. They must be members of an agricultural credit bank in order to obtain State advances secured on their mutual funds.

There are at present in Tunisia 12 co-operative wine cellars, 1 co-operative distillery which produced more than 20,000 hectolitres of alcohol in 1934, 6 co-operative threshing societies, 2 co-operative societies for storing cereals, with 6 silos, 3 co-operative oil societies, 1 market gardening society, 1 textile group, 1 co-operative society for mechanical agriculture, with a turnover of 6 million and 350 members in 1934, and 1 central co-operative society of agriculturists for joint sale and purchase, which in 1934 had 1,200 members and a turnover of over 13 million francs.

The Mutual Agricultural Insurance societies, organised under the Decree of March 26, 1931, work on the same lines as those of the mother country. Two regional organisations,

to which are affiliated 24 local societies, insure their members against the risks of fire, hail and workers' accidents. The sums insured in 1934 amounted to 284 millions for fire, 142 millions for hail and 138 millions for accidents.

Morocco. By a Decree of August 20, 1935, the Government of the Cherif has profoundly amended agricultural mutual credit legislation. The seven existing regional agricultural credit banks which used to be run on a system very like that existing in France, have been dissolved, their assets and liabilities being taken over by the Federal Bank of Mutual Agricultural Co-operation. In order to replace them, the new law provides for the creation of organisations permanently subordinated to the control of the Administration of the Protectorate. The Federal Bank, created in 1930, with the object of co-ordinating the work of local banks and agricultural co-operative societies and of making advances to them, has received new powers which considerably increase its field of action. It becomes, under the close control of the State, a Central Agricultural Mutual Credit organisation, with powers considerably wider than those which in France are vested in the National Bank of Agricultural Credit. It is entrusted, under conditions drawn up by the Protectorate, with the liquidation of measures for the reduction of agricultural debts, and with the administration of the grant for mutual credit and agricultural co-operation and of the joint insurance funds belonging to the agricultural mutual credit banks created by the new dahir, and has thus resources for the granting of subsidies to banks whose own annual revenues are inadequate.

The new agricultural credit banks may not be constituted without Government authority. Their committees, who have no personal liability except in the case of serious misconduct, are to the extent of two-thirds, nominated by the State. The same applies to their directors and secretaries. The banks are not authorised to receive deposits. Their short- and medium-term loans can only be made by means of advances from the Federal Bank, to which all applications for loans must first be submitted for approval. Finally, any surplus of receipts must be employed in the main for

the formation of reserves. The interest paid on share capital may not exceed 4 per cent. In short, the new banks, in which the State will direct in fact their whole activity through its control of nominated committees, will have very restricted powers, and their action will be practically reduced to the distribution of such sums as the Government may decide to place to the account of agricultural credit, and their administrative committees will, in reality, be simply local accountancy committees instructed to prepare material for the decisions of the central organisation.

The dahir of August 20, 1935, also contains a certain number of provisions concerning the legal and fiscal position of agricultural co-operative societies and their unions. It is provided in particular that such societies and their unions cannot be formed without the authority of Government and must be carried on under its control. Further, the name " co-operative society " is confined to institutions the rules of which are in accordance with the provisions of the dahir. As a whole, the new organisations resulting from the application of the dahir of August 20, 1935, seems better adapted to the peculiar exigencies of Morocco, a new country where the spirit of mutuality is as yet but little developed and where the lack of habits of saving deprives mutual institutions of the greater part of their resources.

Native provident societies formed on the model of Tunisian societies exist at present to the number of 54, with 922,000 members. Loans granted during 1933 amounted to 23 million francs as against 21 million francs in 1932. In order to complete the work of these institutions, there have been created in Morocco two native savings and agricultural credit banks, one at Rabat in 1931 and the other at Fez in 1933. Their object is to encourage saving among natives in rural districts and to provide credit facilities to members of native provident societies directly engaged in agriculture. During the season 1933–34, the Native Savings and Agricultural Credit Bank of Rabat made 225 short-term loans amounting to 467,000 francs, 519 medium-term loans, amounting to 1,429,000 francs, and 2 long-term loans amounting to 62,000 francs. The native provident societies

and the native savings and agricultural credit banks are affiliated to the Central Bank of Native Agricultural Credit. This establishment manages the reserve funds of the native provident societies, which are built up from contributions of one-tenth of members' subscriptions with the administration of the State advance of 10 million and with the management of the liquid funds of the native provident societies and the two banks.

The movement in favour of the formation of agricultural co-operative societies is gaining ground in Morocco. In Casablanca a grain elevator with a capacity of 100,000 quintals, has been at work since 1930. An elevator with a capacity of 246,000 quintals has just been completed at Meknès, and another of 67,000 quintals at Fez. At Port-Lyautey, an elevator of 60,000 quintals was built in 1933, and in the Oudjda region, a warehouse of 53,000 quintals capacity has existed for a number of years at Martinprey-du-Kiss. This organisation for the storage of grain has been completed by the formation of a Union of Co-operative Elevators, constituting a co-operative marketing society superimposed on five regional co-operatives for conditioning and grading.

The Central Co-operative Motor Fuel Society was formed in order to obtain considerable rebates from suppliers by the centralisation of purchases, together with cash payments. As a result of negotiation, the co-operative obtained from importers a considerable reduction in the wholesale price of petrol and heavy oil. In addition to these advantages, the Protectorate has granted a remission of duty and excise. The Central Co-operative Fuel Society works in close association with the agricultural credit banks which guarantee the payment for supplies. The quantities delivered to members in 1933 amounted to 130,000 Hl. of heavy oil, 20,000 Hl. of petrol, 6,000 quintals of oil and 7,700 quintals of gasoline.

Within the limits of the needs of local consumption the Protectorate has authorised the formation of co-operative wine cellars which at present number six. With a paid-up share capital of 6,433,000 francs, these organisations have

received advances of 6,900,000 francs from the State for the construction of accommodation for 204,000 Hl., but since 1931, the Protectorate has refused to authorise the formation of any new co-operative cellars.

Co-operative societies for threshing, land-clearing, fruit growing, the establishment of oil presses and the protection of crops have been established in Morocco. In addition, co-operative groups for joint purchase are extending their activities throughout the territory. Agricultural mutual insurance includes three regional banks, which place their reinsurances with the Central Reinsurance Bank for Mutual Agricultural Societies of North Africa in Algiers. These institutions cover risks from fire, hail and the death of livestock.

Old Colonies

A Bill was introduced in the Senate in January, 1932, with the object of attaching the agricultural mutual credit institutions of Guadeloupe, Martinique and Reunion to the National Bank of Agricultural Credit. The 22nd National Congress of Mutuality and Agricultural Co-operation held in 1934 in France expressed the wish that this Bill should be examined and voted on by Parliament as soon as possible.

French West Africa

Five central agricultural credit banks have been founded in French West Africa since 1931 in Senegal, Sudan, Ivory Coast, Guinea and Dahomey. The total advances which have been granted to them by the general Government, the local governments and the National Bank of Agricultural Credit, amounted to 1,550,000 francs for Senegal, 6,400,000 for Sudan, 14,450,000 for the Ivory Coast, 4,500,000 for Guinea and 504,000 for Dahomey. The loans granted by these central banks on January 1, 1934, were as follows:

Short term	4,191,600 francs
Medium term (138 loans) . . .	12,773,914 ,,
Long term (37 loans)	1,826,352 ,,
Long term collective (5 loans) . .	4,353,000 ,,

On the same date, 19 native provident societies and agri-

cultural co-operative societies benefited from agricultural credit loans to a total of 6½ million francs. These loans were used for the purchase of seeds and agricultural materials, the building of stores, shelters, wells, etc. Agricultural credit loans have also given useful assistance in the production of industrial crops requiring heavy capitalisation. In this way in the Sudan, for example, 1,900,000 francs have been put at the disposal of planters of sisal, in Guinea, 4,735,000 francs have been advanced to banana planters, and in the Ivory Coast, 13 million francs have been placed at the disposal of those exploiting various concessions.

Native provident societies are numerous in French West Africa and exist at present in 101 out of 118 circles included in the Federation. They include more than 8½ million members with total assets of 37,500,000 francs. The loans granted by these institutions amounted to 9,140,000 francs on January 1, 1934. Under the Decree of November 9, 1933, native provident societies are authorised to take any measures to improve the conditions under which harvesting and the preparation, transport, storage and marketing of products take place. This reform makes possible the grouping of producers for purpose of marketing those products, the poor market for which has caused so much trouble in native economy during the last few years, especially rubber in Guinea, rice in Senegal and ground-nuts throughout the Colony. The Decree of November 9, 1933, did not come in time to influence effectively the season 1933–34, but attempts at group sale were nevertheless made in Senegal and covered a total of 346,000 kms. ground-nuts, for which the price per quintal was 8·60 francs on an average above that of the price for small lots. During the season 1934–35 it is anticipated that there will be a sale of something like 20,500 tons by members of native provident societies.

Madagascar

In 1934 the organisation of agricultural credit consisted of 1 central bank, 2 regional banks, 16 local European banks with 295 members and 24 local native banks with 2,597

members. The share capital of the European and native banks amounted to 842,000 francs, of which 292,000 francs was paid up. The resources of the Central Bank amounted on December 31, 1934, to 9,179,000 francs, of which 8,984,000 francs was liquid. This sum was distributed to the extent of 45 per cent. in short-term loans, 40 per cent. in medium-term loans, 7 per cent. in long-term individual loans and 80 per cent. in long-term collective loans. On December 31, 1934, the total loans granted and the proportion outstanding were as follows:

	Total.	*Outstanding.*
Short term . . .	4,379,000 francs	3,432,000 francs
Medium term . . .	3,183,000 ,,	2,945,000 ,,
Individual long term .	609,000 ,,	585,000 ,,
Collective long term .	200,000 ,,	200,000 ,,

Short-term loans, of which the rate of interest was reduced from 6 per cent. to 5 per cent. as from January 1, 1935, may not exceed 150,000 francs for each local bank. The average loan amounts to 33,000 francs for European colonists and 720 francs for natives. Medium term loans are limited to 200,000 francs for each borrower at a rate of 4½ per cent.; the average is 44,000 for European colonists and 1,700 for natives. Individual long-term loans may not exceed 50,000 francs for each borrower, the rate of interest is 3½ per cent. and the period of repayment may not exceed ten years. The average loan to European colonists is 43,500 francs. Collective long-term loans have a maximum duration of fifteen years and the rate of interest is 3 per cent.

In most parts of the Colony agricultural associations have already been created, so that the number of fresh associations formed in 1934 is relatively small. In 1933 there were 240 associations, with 7,300 members and by the end of 1934 there were 288 associations with 8,697 members. Of these associations, 19 were European and 269 native. Such associations have acquired agricultural machinery for the de-pulping of coffee and the grading of rice as well as such things as pumps, ploughs, crushers, etc. which they put at the disposal of their members. Ten of them have obtained loans from the Agricultural Credit Bank for the purchase

of cuttings of manioc (tapioca) and of rice seed. There are at present in Madagascar two agricultural co-operative societies, the Planters' Co-operative of Itasy for the extraction of ground nut oil, and the native Coffee Planters' Society of Fenerive for the sifting, cleaning, grading and conditioning of coffee for export, produced by the Madagascan planters of the district.

French Equatorial Africa

The Central Bank of Agricultural Credit has four branches in the principal towns of the Old Colonies of this group, Brazzaville, Libreville, Bangui and Fort Lamy. These branches are run by local committees. Apart from the 4 million francs granted out of the loan of 298 millions made under the Law of August 2, 1933, the Central Bank controls a fund of 1 million francs and a sum of about 1,700,000 francs, representing the total returns on the fiduciary circulation and the revenue of shares in the Bank of French West Africa which have been returned to the Colony. The Central Bank undertakes short- and medium-term operations, the first for one year and the second up to a maximum of five years. The rate of interest is $5\frac{1}{2}$ per cent. Short-term loans may not exceed 50,000 francs and are made on the security of standing crops. Medium-term loans to any one borrower may not exceed 50 per cent. of the sums put at the disposal of the local committee of the branch bank for a single year. On December 31, 1934, the total loans granted amounted to 1,993,000 francs, of which 406,000 were for the branch at Libreville, 771,000 for Brazzaville and 816,000 for Bangui. Agricultural undertakings to the number of 37 obtained 45 loans, of which 7 were short term (113,000 francs) and 38 medium term (1,800,000 francs).

European agricultural associations are at present non-existent in French Equatorial Africa, as it is not possible to include in this category the planters syndicates of Upper Sangha and Upper Oubangui, which, although they include certain agricultural interests, have none of the characteristics of true associations.

Indo-China

The organisation of agricultural credit in Cochin-China includes native agricultural mutual credit societies to the number of 20, with 15,500 members. Their share capital on December 31, 1933, amounted to 365,700 piastres, of which 280,000 were paid up, together with reserves of 1,437,000 piastres. On December 31, 1933, the total of current loans amounted to 11 million piastres, of which 9,600,000 were ordinary loans, 385,000 for direct loans and loans for the purchase of manures, 878,500 for crop loans and 170,500 for harvest loans.

The French Agricultural Credit Bank of Cochin China has at present 170 members and a paid-up share capital of 27,700 piastres. On December 31, 1933, current loans amounted to 412,000 piastres, of which 125,000 were for rubber plantations, 65,000 for rice fields, 48,000 for various forms of cultivation and 174,000 for crop and harvest loans.

In the Protectorate of Indo-China, with the exception of Laos, the organisation of agricultural credit is in the form of Peoples' Agricultural Credit Banks. On December 31, 1934, these institutions numbered 25 and their share capital amounted to 161,500 piastres. The total for current loans on the same date amounted to 3,070,000 piastres. The Agricultural Mutual Credit Office of Indo-China, formed in order to assure the administration and allocation as between different agricultural credit institutions, of funds and discounts put at its disposal, controls at present resources amounting to 3,622,000 piastres, of which 1,122,000 are in the form of a grant and 2,500,000 are derived from a credit opened with the Bank of Indo-China.

A French Bank of Agricultural Mutual Credit was formed in Tonkin in 1933, with a share capital of 1,810, subscribed by 29 members. On December 31, 1933, out of an advance of 100,000 piastres, 18,000 had been used for the expenses of establishing the Bank and in granting a few loans.

French Mandated Territories

Cameroons. The Agricultural Credit Bank formed in Cameroons has at the present moment share capital of

76,500, advances made by the Territory amounting to 1,419,500 and advances made by the Chamber of Commerce of 250,000 francs, as well as such advances as may be made to it by the Commissioner of the French Republic up to a limit of 5 million francs, but amounting at present to 3 million. So far only medium-term loans have been granted by the bank up to a total of 1,609,000 francs on December 31, 1934. Thanks to the new resources placed at its disposal the bank will now be in a position to make long-term loans, the need for which has become pressing in the great estates opened up between 1926 and 1931.

Agricultural associations in the Cameroons include an agricultural co-operative society of coffee planters at N'Kongsamba, three coffee planters' syndicates at Foumban, N'Kongsamba and Douala, and a Union of Cameroons banana planters at Douala. Native agricultural co-operatives number 44, with very diverse objects. Although they are called co-operatives, they have more the character of associations, since they have no share capital and only receive annual subscriptions from their members.

Togo. A Bill at present before the Minister of Colonies and reproducing in general outline the Decree of June 26, 1931, organising agricultural credit in French West Africa, provides for the creation at Lomé of an agricultural credit bank. Further, the Decree of November 3, 1934, authorised the formation in Togo of native provident societies with one society for each of the six circles of the territory. The principal object of these societies is to take all measures which may contribute to the development of agriculture, and to improve conditions in the preparation, transport and marketing of produce, as well as to assist their members in difficulties by temporary grants or loans and to permit their members, by advances either in kind or cash, to maintain and develop their cultivation and to improve their holdings, tools and livestock.

HOLLAND

BY

C. WESTSTRATE, D.L.

"STILL going strong"—this is the general impression, which agricultural co-operation in Holland, after six years of crisis, gives to both onlooker and insider.

It would be foolish to deny that co-operation has now a more difficult time than during the boom. Of course the crisis has not left co-operation untouched. But so far the damage, which co-operation has suffered, does not seem too serious. It is true, some societies have had to be reorganised, a few have had to be liquidated, but these cases almost disappear in the vast majority, which seem to be able to stand the present difficulties. It is true, there are some weak points in our agricultural co-operation, but unless matters become still considerably worse, these weak points will certainly not prove fatal.

The reader will probably be gratified by these comparatively cheerful remarks, but he will not be satisfied. He surely will demand some facts. He will find them below, where I give a very brief summary of the present condition of the most important kinds of society, making sometimes comparisons with the last year of the boom, 1929.

The Boerenleenbanken (co-operative banks for farmers), which may be considered the nucleus of the co-operative movement, show the following figures:

	No. of Banks.	*No. of Members.*	*Total Deposits.*
			f.
1933[1] . . .	1292	224,842	445,000,000 [2]
1929 . . .	1280	215,663	486,000,000

[1] The figures relate to the last day of the year. The data of December 31, 1934, are not yet completely collected, but it may be assumed that they do not differ much from the figures of December 31, 1933.

[2] The Dutch guilder or florin (*f.*) is at present worth about 2s. 9d. (before the fall of the £, 1s. 8d.).

	Total of Loans Outstanding.	*Total of Reserve Funds.*
	f.	*f.*
1933	340,000,000	23,000,000
1929	341,000,000	17,000,000

These figures seem quite satisfactory. The deposits have decreased, but not too seriously—less than 10 per cent. And the decrease seems now to have stopped.

The comparison with 1929 is misleading in so far, that some of the figures were higher in 1930 and 1931 (in which years the crisis does not seem yet to have penetrated). But a comparison of 1933 with 1929 does not, on the whole, seem unfair.

Another remark that has to be made for truth's sake, is that the total of the reserve funds *in reality* is certainly less than *f.*23,000,000. It is a habit of the Boerenleenbanken to wait to write off losses from the reserve-fund until the loss is definite. As long as there seems a possibility to recover an outstanding loan, although it is slight, it remains on the balance sheet for its nominal value. What part of the reserve funds has to be regarded as lost, cannot easily be estimated; it will greatly depend upon the development of the future. But that a good part of the reserves may be counted upon as real, can safely be assumed.

The figures of deposits and loans have to be regarded in the light of the severe deflation, which has taken place in Holland and which has increased the value of the guilder. How much, is difficult to say. On the other hand there has been a tendency, since the crisis started, towards an abnormal increase of deposits; important amounts could not find employment in industry and were therefore deposited. It is this tendency which has increased, even during the depression, the total amount of money deposited in the State Postal Savings Bank (Rijkspostspaarbank), considered, by frightened people, the safest place for their money. A comparison with the joint stock banks shows a quite different result. In 1929 the two most important joint stock banks (Amsterdamsche Bank and Rotterdamsche Bankvereeniging) owed to depositors (including depositors in current

account, which are also included in the figures for the Boerenleenbanken) *f.*487,000,000. In 1934 (the figures for 1933 I have not at hand, but they are probably about the same) this amount had shrunk to *f.*298,000,000.

So the Boerenleenbanken are holding their own, and it is with great satisfaction that this can be stated.

Does it imply, that there are no difficulties, that the Boerenleenbanken show no weak points? Those who remember my article in the *Year Book* for 1934 will already know what answer has to be given to this question, and others will suspect it. Of course the hard times have shown weak points in the Raiffeisen system. Of course there are difficulties, many difficulties. But not only weaknesses have been revealed. A strong light has also been thrown on the advantages of the Raiffeisen system. The advantage *e.g.* that the managers and the board of directors of every local bank are so well acquainted with the situation of the various debtors of the bank is a result of the Raiffeisen principle, that every bank covers only a small area (parish, one or two villages). This advantage means, that the bank is able to judge very nearly, what every debtor can pay—which at present is often not much! The figures of outstanding loans (see above) show only a very small decrease. This shows that the policy of the Boerenleenbanken regarding the repayment of loans has been a very lenient one. As a general rule the directors only demand what the debtors are able to pay without partial or total liquidation—and that is often not much more than the interest. So the acquaintance with the debtors' situation has been of great advantage to the debtors themselves; but not only to them. The banks themselves have often profited by it, for it enables the directors to take the necessary measures as soon as the emergency arises.

It must be said, that debtors (and guarantees) have, on the whole, not misused the leniency of the Boerenleenbanken. On the contrary, their endeavour to meet their obligations is often touching. One of the reasons for this is probably, that they feel that the Boerenleenbank is their own bank; that its *raison d'être* is not to make as much

profit as possible, but to help the agricultural population with cheap credit.

Another advantage, which is at present especially clear and important, is the very moderate rate of interest which the Boerenleenbanken charge. At present it averages 4 per cent. or a fraction more. The joint stock banks charge considerably more. Even the mortgage banks charge more (average 5 per cent., I think) for loans on first mortgage.

That the Boerenleenbanken can be satisfied with such a moderate interest, is a result of the Raiffeisen principle, that the boards of directors and supervision do their work without remuneration.

So far regarding some of the advantages which the structure of the Boerenleenbanken have made especially clear during the crisis. Now a few words about the difficulties they have met and still are meeting. The greatest difficulty is that debtors are very often not able to pay their instalments, when they are due. This difficulty has been met, as is stated above, by a lenient policy. The Boerenleenbanken have been in the fortunate position to be able to follow such a policy, because they have still plenty of deposits. Notwithstanding the decrease in deposits, there is still a margin of more than 100 millions of guilders between deposits, and loans outstanding. Because these 100 millions are kept liquid, and because a great part of the deposits is very stable (Raiffeisen called this part *der eiserne Bestand*) the liquidity of the Boerenleenbanken seems still unimpaired. Of course their liquidity cannot be compared with the liquidity of a good joint stock bank, but their business is quite different. So far the Boerenleenbanken have not met with any difficulties of liquidity, and it seems to me even that their liquidity-position is becoming gradually stronger.

Naturally leniency towards debtors could not always be maintained. Sometimes it was necessary to force a debtor into liquidation, to have him declared bankrupt, or to sell his mortgaged property. That these cases have not always been without difficulties, is also natural.

In the beginning of 1934, the Government took a measure to prevent unreasonable foreclosures of agricultural property.

This measure seems to have been caused by cases of unreasonably hard dealings of private lenders. Although the measure caused some anxiety among the leaders of agricultural banks, it has not caused many difficulties to the Boerenleenbanken. The reason is, of course, that they already had followed the policy of foreclosing only in case of real necessity.

It is perhaps superfluous to say, that the two central banks of the Boerenleenbanken have proved in these difficult times more indispensable than ever. It can safely be said that the Boerenleenbanken cannot do without the leadership and the continuous help of a central bank.

The account of the state of the Boerenleenbanken has perhaps been too long. But they seem to me not only the most important but also the most interesting part of Dutch agricultural co-operation.

About the other kinds of co-operation I shall be short.

The *co-operative dairies* do not provide much matter for comment. This is of course a good sign. Their position seems, on the whole, to be good. This may sound strange as the prices for dairy-products are especially bad. But it must be remembered, that the co-operative dairies are only intermediaries. They just pass on the low price to the farmer, after taking off what they need to keep themselves. So they seem to have an easy existence. But what they need to keep themselves is at present, now prices are low, relatively more than formerly. They have to take off a greater percentage of the total price, which has an accumulating effect on the decline of prices. This has been one of the causes for the liquidation of some co-operative dairies; their members were taken over by neighbouring dairies. So there is a tendency for concentration in the co-operative dairy industry, a concentration, which can only strengthen it and make it more useful. The present number of co-operative dairies is about 500.

The *co-operative purchasing societies* have a more difficult time than the dairies. It is customary in the trade of fodder, artificial manure, etc., to give the farmer one month or sometimes even three months' credit. For reasons of com-

petition the purchasing societies have to keep this custom. That it is in the present conditions very dangerous and causes losses when one does not take great care, is obvious. So it is not too strange that some reorganisations and liquidations have been necessary. It may be expected, however, that in the future further serious mishaps may be prevented, chiefly by better control.

The central organisation of the purchasing societies, the " Central Bureau " in Rotterdam, fortunately enjoys a very strong position. Its reserve fund is nearly 5 millions of guilders, higher than it ever has been. Of course the money-value of its turnover has gone down considerably, but not so the quantity. The quantity of the turnover of last year has been about the average of the turnover of the five preceding years. This is a relative increase, because the use of imported fodder by the farmer has decreased; so the part of the Central Bureau in the total volume of trade in its field has increased.

The *co-operative auctions* also have seen the money value of their turnover seriously decline. In 1928 it was just over 100 million guilders; in 1933 only 56 millions.[1] In 1934 there was an increase to 62 millions, but this increase was artificial; it was caused by a measure, taken by the Government, and compelling all market-gardeners to sell their products through an auction.

The co-operative auctions sell all kinds of products of market-gardening, and it is in this industry that the heaviest blows have fallen. Market-gardening used to work to a considerable extent for export. Now export is badly hampered. To give one instance: high tariffs have brought down the money-value of the export of tomatoes to England to 16 per cent. of what it was in 1931.

The auctions have tried, with the aid of the Government, to give some support to prices by a system of minimum prices. Products, which could not get the fixed minima

[1] These figures are not quite correct, for they concern only the auctions, united in the " Central Bureau van de Veilingen " in The Hague. There are, however, not many auctions outside this central organisation.

were destroyed. The quantity of products which thus had to be wasted is appalling. In 1934—to give a few examples —about 6,500,000 kgs. of tomatoes, 8,000,000 kgs. of cabbage, 13,000,000 lettuces could not obtain the minima and were destroyed.

The position of the co-operative auctions has not been impaired by the disastrous fall in prices of the products they sell. They are, like the co-operative dairies, only intermediaries. It is, however, obvious that their fixed costs press heavily on the members.

There are some other kinds of agricultural co-operative societies (*e.g.* co-operative beetsugar factories and cardboard factories), but their number is comparatively small, and nothing very interesting for foreign readers can be said about them.

One thing of more general importance I still have to mention. Most of the important central organisations of co-operative societies (including the union of consumers' co-operative societies) have joined to found a National Co-operative Council. The aim of this institution is general propaganda for co-operation, the removal of misconceptions about co-operation among the public, defence against attacks on co-operation, and generally guarding the interests of co-operation.

One is probably not far wrong in assuming that at least one of the reasons for setting up this Council is the fact, that co-operation, especially the consumers' co-operative societies and the purchasing societies, has been (and still is) the object of continuous attacks from unions of retailers. The retail traders have a difficult time, and it is therefore not surprising that they try to undermine co-operation. As they have a certain political influence, their attacks are not without danger, although so far they have had very little result.

The hope may be expressed, that this National Co-operative Council will develop into an important body. Important not only for the negative task of defence, but also for the positive work of further development and a better foundation of co-operation—a better foundation, since co-operation which only grows in width, runs the serious risk of

losing its strength. It has also to grow in depth, and I am afraid that in this respect much remains to be done. Co-operation, as an economic principle of great value, has to be founded in the minds of the public. It has to be impressed on the public that it offers a better organisation of several parts of economic life. For this a wide propaganda is needed. But not only that. It is also study of co-operation that has to contribute to its better foundation in the practical sphere of economic life.

THE NETHERLANDS INDIES

BY
DR. J. H. BOEKE

IN my report of last year about the Netherlands Indies I remarked that the crisis has necessitated the revaluating of several social institutions. This is also the case with the popular credit organisation in this colony.

Official moneylending to the native population is managed here by the semi-public popular credit banks and by the small village banks. Of course money is lent out too—and in millions—by the Government pawnshops, but in a co-operative year book these institutions must be passed over in silence.

In 1929, before the crisis, the popular credit banks were an easy first. Their borrowers amounted to almost one million, the money lent out to nearly 75 million guilders. On the other hand the village banks were able to show 1·2 million clients but these only borrowed 50 million guilders.

Now things have changed. In 1934 the first-mentioned banks—now combined into one large general popular bank, covering in principle the whole archipelago with its 63 million inhabitants—saw their borrowers decrease to 340,000 and the amount of their loans to 15·5 million guilders. The village banks on the contrary kept their army of nearly 1 million clients to whom in 1934 an amount of nearly 16·6 million guilders was lent out. Both fell heavily but the small village banks came to less harm. Whereas the popular banks have to wrestle in a hopeless and costly struggle with arrears of 11 million guilders, the village banks can boast of arrears of only 281,000 guilders. Apart from this their net assets of 13·5 million have remained untouched and surpass already that of the proud and impressive general popular

bank, from whose net assets of 16·5 million guilders not less than 7 million had to be written off in 1934.

The secret of this better fortune of the village banks lies in the principles to which they adhere and which one by one may be reckoned the foundation stones of co-operation. They are a small sphere of activity, direct and close contact between the managing board and the members, the modest extent of every single person's credit, and credit exclusively based on personal qualities. Add to this some other conditions, such as the repayment of loans in very small instalments and the short duration of credits, conditions made possible by the small sphere of action but not connected with co-operative principles.

That the last-mentioned principles are also of conclusive significance can be illustrated again with the aid of a few figures. The annual amount per borrower lent out by the popular credit banks in 1934 was 46 guilders, by the village banks 17 guilders only. The difference between the two amounts however is considerably larger than one would be inclined to conclude from the bare numbers. These 46 guilders mean one single loan, at best repaid in monthly terms, whereas these 17 guilders are the total of three to four loans received and repaid in the course of the year, as a rule in ten to twelve, at the utmost in twenty weekly or five-daily instalments. Their average therefore is four to five guilders, with repayments of 20 to 50 cents each time. Certainly even the scraping together of these small amounts costs much trouble, worry and thought to the borrower, but as a rule he succeeds without having to break in upon his possessions.

It is difficult to realize the scarcity of cash under which the native village economy suffers to-day. But take this one instance. Only a few years ago the revenue earned by the native people from the western cane sugar industry amounted to 135 million guilders annually. Now this source of income—probably the main one besides selling surplus food crops—has dwindled to 15 millions or less. Who wonders when under these conditions the native peasant is behind in his payments?

The above refers to the non-co-operative institutions organised by Government. I am therefore perhaps not justified in interpolating it in my account about co-operation in the Netherlands Indies and I feel obliged to add a few remarks about the way native co-operation is getting on.

Here too the crisis has shown its peculiar results. First it has staked out more definitely and more narrowly the limits of co-operative possibilities and thereby has dealt a severe blow to the " wild " co-operators, who want to form societies but hate governmental interference, expert guidance and formalities of any kind whatever. These people imagine that co-operation is a magic, trim and tied for the handling—they found societies whose aims do not correspond with any well-defined or urgent need felt by the members, or which pursue all imaginable aims at the same time ; they want to be trusted in blindly, though they are as a rule not disinterested, and they neglect the most elementary principles of co-operative and administrative technique. Under adverse conditions all these shortcomings must avenge themselves in failures, which undoubtedly do temporary harm to the co-operative movement, but at the same time throw a clearer light on the prudent, moderate, carefully prepared and solidly equipped officially guided co-operatives.

Slowly these latter advance. The official movement, too, has its disappointments, caused in the first place by lack of sufficient staff. People have to be enlightened so much and so repeatedly ; so much suspicion must be vanquished and unwisdom overcome by patience, knowledge, experience and altruism ; guidance and supervision are wanted ceaselessly ; and all this on behalf of such minute interests and organisations ! May a Government labouring under a crisis be expected to vote funds for this unprofitable work ? Thus one has more or less to let things go on and make a virtue of necessity by trying to shift onto private institutions—if possible on central co-operative unions—the task which Government primarily took upon itself in planning the organisation of native co-operation.

The subjoined table shows the growth and extent of the

native co-operative movement. To the expert reader it will be so eloquent that any further comment is needless.

	No. of Socs.			*Members.*			*Net Assets in Guilders.*		
	1932.	*1933.*	*1934.*	*1932.*	*1933.*	*1934.*	*1932.*	*1933.*	*1934.*
Consumers' co-op.. .	11	19	25	1,099	1,595	1,838	4,023	4,454	5,593
Central credit . . .	4	5	8	70	170	148	611	950	1,813
Credit prim. soc. . .	148	195	215	10,989	14,790	14,946	86,078	90,494	99,645
Agricultural soc. . .	9	9	8	1,947	1,869	1,840	30,022	25,534	22,371
Industrial soc. .	—	3	3	—	53	39	—	334	816
Total . . .	172	231	259	14,105	18,477	18,811	120,734	121,766	130,238

Native co-operation is not expected to grow quickly in the near future, for co-operative principles deviate too much from the system of government in force in the colony. This system is based on authority, on a relation of command and obedience. The bearers of this authority find it difficult to shift to a position of equality, to allow freedom of movement, much more to favour and encourage this freedom. As a matter of course they view the co-operative movement with suspicion. It is already asking much of them merely to respect it, to serve it would mean to descend from the throne on which they feel safe and at home.

ITALY

BY
A CORRESPONDENT

APART from the invigorating repercussions of the international situation, to be referred to later, the most important domestic event of 1935 for co-operation in Italy has been the agreement finally reached, after years of conflict and many months of discussion, between the Labour Confederation and the National Co-operative Union, which in fact constitutes something more than an agreement, being described in the document itself as an alliance. Friction had been frequent in all branches of co-operation where labour is employed, owing partly to differences of interest familiar to the English and some other co-operative movements, partly to special privileges which co-operative societies enjoy as employers through affiliation with the Union, which holds a unique position in the corporative system. But friction naturally was most general in respect of the co-operative labour societies, numbering 1,340, with nearly 100,000 members, where the common welfare of members is not always measurable by a wages standard. The special position of these societies had been a source of conflict with the trade unions in pre-Fascist days, when they first began to claim a large share of public works contracts in rural development, establishing in some districts a virtual monopoly of employment and frequently underbidding private contractors who would have given employment to union as distinct from co-operative labour. These conditions persisted under the Fascist régime and were accentuated when the general depression brought an increase of unemployment. The societies in most provinces voluntarily undertook to share employment to some extent with non-co-operative labour, that is, to employ a certain proportion of non-members. But the difficulty of adjusting remuner-

ation equitably between members and non-members while the trade unions had nothing to say in the matter was obvious. The dissatisfaction of the unions gave rise to frequent incidents. Practice varied widely from one district to another. While the Co-operative Union itself was fighting for its own existence in the corporative system, it was, in fact, on account of these differences between the societies and the trade unions, open to attack from both sides, the capitalists and the workers. Until its position in the future system was secured, the Union could do little beyond making recommendations for a peaceful settlement of local disputes. In 1934 it opened negotiations with the central body of the trade unions, the Labour Confederation, on behalf of the societies, and the agreement was signed last April.

The first clause of the agreement contains mutual terms of an alliance to promote the interests of each other. Further, in the same clause, the Confederation and the Union undertake " to assist in all measures for increasing the purchasing power of wages and in defending the workers as consumers against speculation." In the clauses specifically concerned with the labour societies, the Labour Confederation " recognises the necessity for contributions to society funds out of members' share of proceeds " for capital, reserves, improvement of plant or implements, insurance and welfare work, while the Union undertakes that the labour societies shall pay members not less than trade union rates. " taking into account all direct and indirect returns to members." There are also provisions for collaboration in the supervision of labour conditions in co-operative enterprises of all kinds.

In the clause regarding unemployment, the Co-operative Union on behalf of the labour societies agrees that " solidarity cannot be denied to unemployed workers," whether members of societies or non-members, and undertakes that the societies shall reserve for unemployed non-members an equitable quota of employment, in proportions to be agreed between local representatives of the trade unions and the societies, when the societies are engaged upon public works contracts ; the Confederation agrees to reciprocate by favouring the

employment of labour society members on outside work when not employed on society contracts. The question of membership had been pressed by the Confederation, that is, that members of labour societies should automatically also be members of trade unions, but this could not, in the nature of the case, be made reciprocal on anything but a voluntary basis, and there it remains. Some labour societies do, in fact, inscribe their whole membership in the appropriate trade union. The ultimate objective of the agreement is to make every trade unionist a co-operator and vice versa.

Inter-trading between agricultural and consumers societies is another matter which the Co-operative Union took up for systematic promotion at the beginning of this year, based on existing experience. The Provincial Secretaries of the Union were instructed to put this in the forefront of their development programs. Dairy societies (butter and cheese) led the way in this practice. In 1925, six societies in the North-eastern Provinces had annual contracts with consumers' societies for the delivery of their whole output. In 1934 the number of contracting societies had increased to 48, and in the past year (1935) the practice is reported as "rapidly becoming general" in several provinces. Provincial price fixing committees were established early in the year. These committees consist of three persons: the Provincial Secretary of the Co-operative Union, the Provincial Secretary of the Farmers' Union, and a representative of the consumers' societies. Prices are decided at monthly meetings of the committee and are "based on market conditions, excluding speculative factors." Agricultural societies are expected to take part payment in goods. The consumers' societies reserve the right to supervise and if necessary control production if dissatisfied with quality. Collective marketing organisations to deal with all produce through co-operative channels are being formed in other provinces, modelled on this experience.

These inter-trading and price-fixing developments preceded the prospect of the imposition of economic sanctions, but this has now given great impetus to every kind of economy and control of prices, and co-operative organisers

are taking full advantage of their opportunities. The consumers' societies have always been regarded, apart from their own co-operative, social and economic functions, as a general bulwark against exploitation, and this rôle in the economy of the régime has been greatly enhanced by the action of the League of Nations' and national preparations to meet it. Mussolini's "acceptance" of the economic sanctions in his October speech to the "mobilised" nation, immediately set the machinery of the Fascist Party in motion and in the measures taken to offset the anticipated effects of commercial isolation, the Co-operative Union and the wholesale and retail societies are taking active parts in their respective spheres.

The establishment of minimum prices is a matter of negotiation by provincial conferences of the wholesale and retail traders organisations in which the co-operative societies and the Fascist Party represent the consumers. The Federal (that is, Provincial) Secretaries of the Party summon and preside over these conferences. The producers' organisations are also represented in those provinces where food produce goes into national commerce. The practice of the consumers' societies in the regulation publication of a schedule of prices (nearly always below those of private shops) has provided the basis for the proclamation of minimum prices in some provinces, although it has been vigorously opposed by the private traders. Offences against the decisions of the inter-trade conferences are summarily dealt with by temporary closing of the shops and permanent expulsion from the Party. The establishment of co-operative fish markets and markets for other local produce has also been given a great impetus.

Economic pressure will undoubtedly, in at least one instance, help to complete the co-operatisation of an industry. The systematic development of the fisheries, sea and fresh-water, by co-operative organisation was well advanced a year ago and in the past year has successfully taken in one or two areas, Chioggia being the most important, in which private enterprise still predominated. One of the first provisions adopted by the Government in anticipation

of the application of sanctions was to reduce the consumption of meat (by closing butcher shops two days a week and prohibiting the service of more than one meat or fish course in hotels and restaurants); at the same time, the National Federation of Fishing (and Fish Marketing) Co-operatives was recommended to complete its national organisation of the industry with a view to doubling its production. Even in small towns, where the catch at present does not normally exceed the consumption of the district, the fishermen are being organised and the wasteful peddling of fish is to be replaced by co-operative markets.

The situation has already (October) made a change in the co-operative attitude toward the economic régime. Whereas a year ago the movement was satisfied to have secured its position in the corporative system, it is now boldly pushing its claim to be the pioneer and guide to the only solution of a practical and equitable kind for corporative relations between producers and consumers. Certainly the whole question of price spread between producer and consumer has been extended from the co-operative sphere to that of " the nation mobilised for economic war." A war of defence, however. National marketing schemes, which in any case were little developed for export, are being concentrated upon devising new and more economical practices for domestic distribution, with co-operative intertrading, as already noted, in the leading rôle. Preparations are being made, for example, to handle the next wheat crop on a much more extensive scale than heretofore. Local co-operative collection of the crop has been widespread, but at that point it has usually passed into private traders' hands. The amount actually collected and marketed co-operatively this year was about 8 million quintals, little more than a tenth of the crop. This was effected by 102 societies with 111,189 members, and a membership campaign is being conducted to extend the areas of existing societies as being of more importance than increasing their number. So far there has been no talk of a compulsory marketing scheme, though the English boards are frequently described and their fortunes closely followed.

Other branches of co-operation, however, are not likely to be so favourably affected by the political situation. Enthusiasm for land reclamation and settlement, for instance, on which co-operative societies spent over £5 million in the past year, will diminish with the pressure of population and unemployment. Building societies are also expected to be less active, after a vigorous year which has brought their total expenditure on building flats and houses for members up to £62 million, of which about half was expended by societies receiving State aid.

Since writing the above, the texts of circulars addressed by a number of Federal Secretaries of the Fascist Party regarding the place of co-operation in the economic régime have now (November) been received. These represent the local and practical interpretation that is being given to the general attitude of the party already outlined. Theoretically, there was nothing new in the statements made by the General Secretary of the Party, since Mussolini has consistently upheld the social and economic value of the co-operative movement. It has also been customary for the provincial hierarchs to associate themselves with local co-operative demonstrations in a friendly spirit, if not always showing more understanding of co-operation than is to be expected from politicians. There are signs of this unfamiliarity in the terminology of some of these circulars, verbal awkwardnesses, such as " Co-operativistic Movement ", which show they were not written by co-operators. Variations of emphasis on different aspects of the movement's status also indicate the unfamiliarity and, in one case at least, the uncongeniality of the task of boosting co-operation, one of the circulars stating that co-operative societies are not allowed to exist unless affiliated with the National Co-operative Union, which is not true either in law or in fact. All the circulars agree, however, in stating that every effort must be made to promote the extension of co-operation and all matters regarding local societies must be referred to the Union ; in one case, again, an unsympathetic background reveals itself in a phrase—" Political Secretaries will abstain from taking decisions without previous reference

to the Union." But the circulars unanimously carry out the intention of the party and underline it; in some cases the Fasci are told that the objective of the party is to get all members of Dopolavoro (the leisure-time organisation with a membership much larger than the party itself) to join co-operative societies. A later order of the Party Secretary further authorises special provincial commissions of managers of consumers' co-operative societies to watch over and report upon the general price situation in their provinces.

SWITZERLAND

BY

DR. A. BOREL

No very striking new events have taken place in the principal departments of agricultural co-operation in Switzerland during 1935 (Sale and Purchase Societies, Dairy Federations, Stock Breeding Syndicates). On the other hand, two questions of special interest to agricultural co-operation deserve notice.

FORMATION OF A SWISS COMMITTEE OF INTER-CO-OPERATIVE RELATIONS

Since its formation, the International Committee of Inter-Co-operative Relations has kept in touch with everything that has taken place in different countries in the matter of inter-co-operative relations. It has insisted on the value of forming everywhere national committees on which would be represented the principal co-operative groups of the country and on which, more particularly, producers on the one hand and consumers on the other, would be able to make contacts.

It is to a large extent on the initiative of the International Committee that there was formed, on December 10, 1934, at Zurich, a Swiss Committee of Inter-Co-operative Relations. The idea of a nearer approach by the different co-operative organisations was not indeed new in Switzerland. Some thirty-five years ago a Swiss Co-operative League was founded but it had only a relatively short existence. In 1925, there was a fresh movement aiming at uniting the Swiss co-operative organisations with a view to defending their common interests. But at that moment circumstances were unfavourable for the formation of a new national co-operative league. At least experience had shown that

closer contact between genuine co-operatives was necessary if the movement was not to be exposed to the risk of seeing its enemies, by their intrigues, place obstacles in the way of co-operative development and the propagation of co-operative principles. It is true that agricultural co-operatives and consumers' societies pursue their special aims, but all alike look to a common goal: the limitation of unearned profit and a just distribution of the fruits of labour. Further, there exists between them a whole series of common interests, notably in the realm of law and administration, as in all that concerns the diffusion of true co-operative principles.

As the principal co-operative federations of Switzerland were holding a conference at Zurich on January 18, 1934, to consider another important matter, the opportunity was taken to inform them of the work and proposals of the International Committee. The formation of a Swiss Committee was decided on in principle and details were left to a second conference on October 5. The Committee was finally constituted at a special meeting on December 10, 1934. It consists of the following organisations:

Swiss Peasants' Union, Brougg.
Swiss Union of Consumers' Societies (U.S.C.), Basle.
Swiss Federation of Agricultural Co-operative Syndicates, Winterthur.
Central Union of Swiss Milk Producers, Berne.
Union of Agricultural Co-operatives of Eastern Switzerland (V.O.L.G.), Winterthur.
Swiss Union of Co-operatives "Concordia", Zurich.
Swiss Union of Egg Marketing Co-operatives (S.E.G.) Küsnacht, Zurich.

The Swiss Peasants' Union is hardly a true co-operative federation, since it has affiliated to it all the agricultural associations; but considering its central position and the fact that all the different dairy federations and agricultural federations for sale and purchase are equally affiliated to the Union, it would seem to be indicated that the latter should also be a member of the new committee. Dr.

Bernhard Jaeggi was elected Chairman of the committee. He has for many years been the well-known President of the Union of Consumers' Societies and has always pleaded in favour of closer relations between the different co-operative movements. At its first meeting, the Committee adopted the following program of work :

I

Defence as against the authorities and the public of the important common interests of the various co-operative organisations represented on the Committee, such defence to be carried out by the following means :

(i) Adoption of a common front in each case as it arises with regard to official measures either federal or cantonal which may hinder in any unjust manner the development of the co-operative movement founded on the principle of mutual aid or arrest its legitimate defence and thus to injure it in any sensible degree.

(ii) Discussion of measures of common defence against the systematic attacks directed against the idea of mutual aid and having as their object to discredit co-operative societies in the eyes of the public and to do them a serious injury.

II

(i) Development of direct commercial relations between the co-operative organisations of producers and consumers.

(ii) Encouragement of efforts directed to the development of the consumption of home produce.

(iii) Mutual display of as conciliatory a spirit as possible on the part of organisations in carrying out their commercial activities, especially when they operate in the same economic sphere.

(iv) Encouragement of a good understanding between producers and consumers in the true co-operative spirit.

It may be seen from this program of work that the committee is only concerned with questions which are common to all the organisations interested and are important for them. We may mention in particular the attempt to revise the federal constitution in matters affecting the abolition of freedom of trade and industry, the revision of the co-operative law, fiscal legislation as far as it touches co-operation, questions relating to quotas and in general

all economic and political-economic questions interesting co-operative organisations, both producers' and consumers'.

We need not enter into detail on all the various points in the program of work laid down. We will confine ourselves here to drawing attention to the second part of the program which deals with the practical development of commercial relations between co-operative organisations of producers and consumers. There is perhaps no country in which the mutual exchange of goods between different co-operative organisations is as active as in Switzerland. These mutual relations have contributed to a considerable extent to substitute mutual understanding for the antagonism which formerly existed between producers and consumers. Thus, the necessary basis for a further development of these inter-co-operative contacts in the practical field exists and only requires to be still further consolidated. The Swiss Committee of Inter-Co-operative Relations held ten meetings in 1935. It was occupied with several of the questions which appear on its program of work, but it devoted special attention to the revision of the Federal Order of which more will be said below.

Federal Order of September 27, 1935, on "Large Stores"

In the *Year Book* for 1934 it was noted that a Federal Order of October 14, 1933, limited the opening and extension of "large stores" since it contained no formal exception in favour of co-operative societies, had also been applied to the latter, and it was added that a petition demanding the express exclusion of co-operative societies at the expiration of the Order in question had been quickly signed by more than 560,000 persons.

The Federal Order expired on December 31, 1935. One of the first concerns of the Swiss Committee of Inter-Co-operative Relations, then newly formed, was to get into touch with the Swiss Union of Arts and Trades (representing small traders) in order to seek a solution which would exclude the co-operatives but at the same time give assurance to the small shopkeeper that no co-operatives or sham

co-operatives would be newly formed with the simple object of eluding legal control. The Inter-Co-operative Committee and the Union of Arts and Trades came to an understanding without difficulty on a proposed text for a new Federal Order. This text reaffirmed the proposals in Article 6 as follows : " The provisions dealing with the opening, enlarging and transference of branches do not apply to co-operative societies and their members who before May 1, 1935, were occupied in the production and sale of necessary articles of all kinds as well as in the use and sale of agricultural products."

At the same time a convention was concluded making provision for a committee of five members with equal representation for the purpose of examining in each individual case the question of the need for opening a new co-operative society.

The Federal Council accepted the proposal thus made to it and the draft Order, which it laid before the Chambers in its Message of July 2, 1935, conformed to that drawn up by the two important interested groups. Unfortunately, this proposal came up against a certain lack of comprehension in the Federal Chambers, where co-operation is not represented as such, and where insufficient sympathy for it is felt. Members did not wish for an express exemption of co-operation and consequently the Federal Order of September 27, 1935, on large stores, in the form in which it was finally adopted by the Chambers, includes an Article 6 which differs considerably from that originally drafted. It runs as follows : " The Federal Council may exempt large enterprises from the observation of Article 3 insofar as they have reached an agreement by contract with the interested associations of small traders on the opening and enlargement of branches."

From the practical point of view this new text has not placed the co-operatives in a position actually less favourable than that which had been proposed in the agreement between the Inter-Co-operative Committee and the Union of Arts and Trades. The convention reached between the two groups was expressly confirmed and the Federal

Council soon after granted to the co-operatives the dispensation anticipated in the new Article 6. But from the moral point of view, the attitude of the Chambers, which bore witness to a very slight comprehension of the nature and special position of co-operation, is none the less very regrettable.

The Order of September 27, 1935, expires on December 31, 1937. Will it then be possible to have it definitely withdrawn? It may be feared that the economic situation, both in the world and in Switzerland, will not up to that time have improved sufficiently for such a repeal to be contemplated. In that case, the co-operatives will have to decide on a basis of actual experience if they can support the maintenance of the present text of Article 6, or if they should undertake a campaign in order that they may be accorded a clearer and more natural position.

SWEDEN

BY

G. R. YTTERBORN, *Chief of the Division of Agricultural Co-operation of the General Agricultural Society of Sweden*

As an excellent survey of Swedish agricultural co-operation appeared in the *Year Book* for 1934, this report will deal mainly with what has taken place since that time. It might, however, be well to make a few historical remarks in order to complete the survey mentioned. The agricultural co-operative movement in Sweden goes back to about 1880. As farming became more industrialised, and as the farmers began to produce more for the market, they found it profitable to manufacture and market their products co-operatively. Agricultural methods have been improved very rapidly during the last half-century and animal production especially has increased rapidly. In fact, animal production has trebled while arable production has about doubled during the time under consideration. The farm population is somewhat less to-day than fifty years ago.

The co-operative idea was first applied to any great extent in dairy production and marketing. By the invention of the centrifugal separator for cream, milk manufacturing on a large scale was made possible. In a few years a great number of co-operative dairies were formed. A large number of private dairies were also built, but they were comparatively small sized. The number of co-operative and private dairies and the amount of milk manufactured in each group has been as shown in table on opposite page.

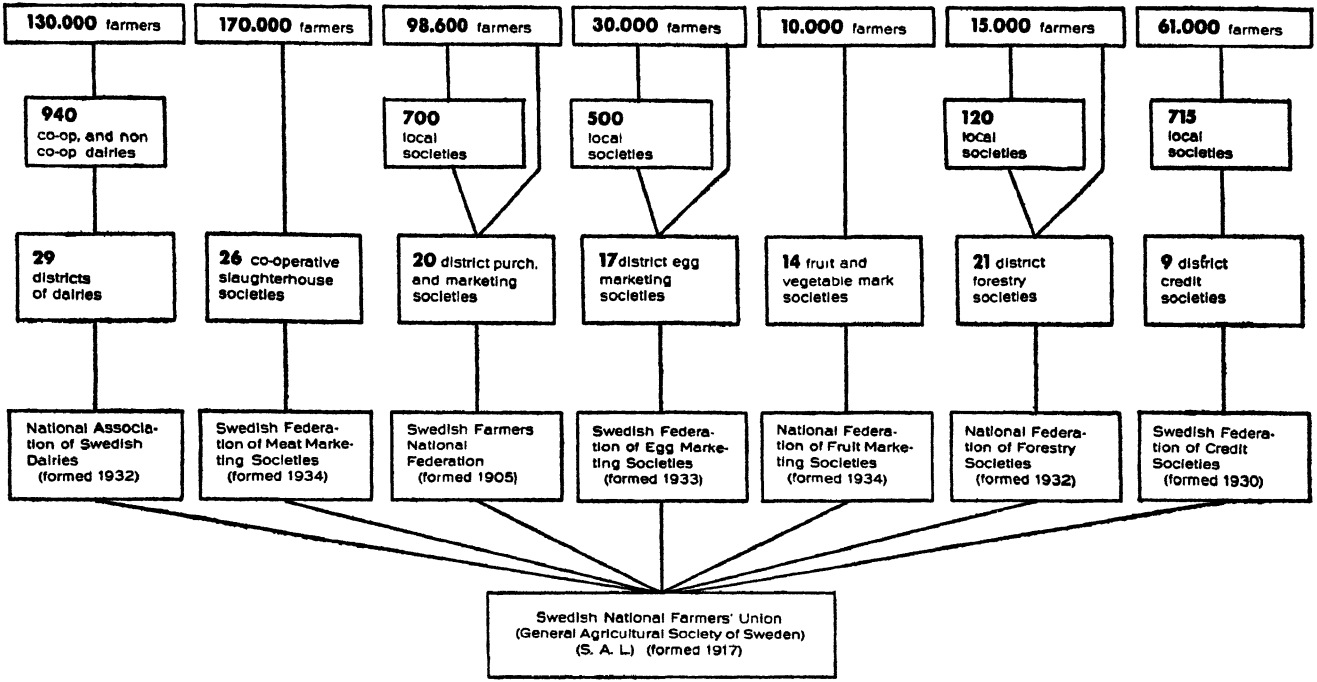
By introducing the cream separator and other facilities into dairies, a way was found to manufacture milk into butter at small expense. At the same time, butter was increasingly marketed on an international market. Milk production became more profitable as grain-growing became less, the latter because the Swedish grain market in the last decades of the nineteenth century like other European markets were

	Co-operative Dairies.			Private Dairies.	
	No.	*Members.*	*Milk. Mill. of Kg.*	*No.*	*Milk. Mill. of Kg.*
1890 . .	73	—	—	1,499	—
1900 . .	430	—	—	1,258	—
1910 . .	550	—	—	866	—
1920 . .	555	65,255	655	924	313
1930 . .	715	88,801	1,541	885	621

flooded by cheap American grain. But intensive milk production called for efficient feeding by protein-rich feeding-stuffs. Therefore the Swedish farmers started to purchase imported oilseed cakes and meal in large quantities. At this time fertilisers were also invented. The control of the trade was unsatisfactory; the farmers knew little about feed and fertilisers, so there was room for all kinds of crookedness. The quality of these requirements was very often poor and the prices unduly high.

This situation gave rise to the first co-operative societies dealing in agricultural requirements, started in 1895. In the years following, several societies of this kind were formed as a sort of complement to the co-operative dairies. Very soon these small locals felt that they were not able to handle the problem satisfactorily, so the locals federated into districts. In 1905 when these districts formed Svenska Lantmannens Riksforbund (The Swedish Farmers' National Federation), there were altogether 10 districts, and in 1908 there were 19 districts, covering the whole country. The National Federation has had a somewhat chequered career and been twice reorganised with the help of the State. However, its existence as a check on the trade of agricultural requirements has been of great value to farmers. Moreover, much experience has been gained in the theory and practice of co-operation, which at the present is utilised in forming co-operative organisations for all purposes. Since the last reorganisation in 1930, the National Federation is working well.

By working up milk into butter, the dairies produced an



AGRICULTURAL CO-OPERATION IN SWEDEN. FORM OF ORGANISATION AND MEMBERSHIP.
The figures show the position in May, 1934.

ever increasing amount of skim milk, which had to be utilised. To do that the farmers, as in Denmark, began to develop a bacon industry. This was the real cause for the organisation of co-operative slaughter-houses, the first of which was started in 1899. Soon, these first co-operative slaughter-houses had imitators. In Great Britain they found an increasing demand for bacon of high quality, and these farmers' co-operative slaughter-houses did pioneer work in the field of high quality production of bacon. The development of the co-operative movement in this branch can be seen fom the following table:

	Slaughter-houses.	*Membership.*	*Turnover in Mill. of Kr.*[1]
1900	1	—	—
1910	3	—	—
1920	20	—	—
1925	20	45,906	34·6
1930	25	49,869	59·2

Also in other lines of production and marketing farm products, the co-operative idea was applied. In egg marketing, the egg producers formed co-operative selling societies as early as 1880. The small societies (locals) especially did a pioneer work in improving quality. In 1906, the first real district egg-marketing societies were formed. In 1930 there were 5 districts and a number of independent locals. The districts had a total turnover of 4·5 million Kr. Fruit and vegetables also have been marketed in small amounts by co-operative societies during recent decades.

From 1915 onwards co-operative societies have been formed to meet the farmers need of short-term credit. However, their importance up to 1930 was very limited, as can be seen from the table below:

Year.	*Societies.*	*Members.*	*Credit. Mill. of Kr.*
1916	57	1,654	0·1
1920	120	4,187	1·8
1925	137	7,643	8·8
1930	187	14,081	15·3
1934	699	59,267	43·5

[1] 1 Swedish Krone = approximately 1 shilling sterling.

From the foregoing, it can be seen that up to 1930 the co-operative idea had been tried in Sweden over a period of around fifty years, but with a few exceptions, the progress had been rather slow. Many co-operatives were formed without careful investigation. Education in co-operation was lacking. There was no standardisation in the by-laws or the bookkeeping and auditing system. Neither did the co-operative societies work out any kind of marketing program. The importance of a sufficient amount of capital and the importance of co-operative leadership was overlooked. The small locals mostly worked independently and in competition with each other. Many of them were too small to be able to work efficiently.

The year 1930 can be looked upon as the turning point in the history of the Swedish agricultural co-operative movement. This year, Sveriges Allmanna Lantbrukssallskap (S.A.L.) (The Swedish National Farmers' Union) was reorganised. The S.A.L., which includes both individual and collective members, was organised in 1917. Its main work up to 1930 was carried out by two divisions: the Division of Markets and Prices and the Division of Bookkeeping and Farm Management. In 1930 another section was added, the Division of Agricultural Co-operation. A good deal of the work in this Division owes its initiative to Professor L. Nanneson, former head of the S.A.L. A number of committees were formed to work with different types of co-operation. These committees investigated the problems regarding production and marketing, and worked out organisation plans on different lines. An important part of these plans are the suggested model by-laws worked out by the committees. As the rules of these by-laws may be of interest to students of co-operation, a few of them may be mentioned.

In *local dairy societies* membership is limited to farmers or agricultural corporations. Shares are fixed at 60 Kr., 10 Kr. paid up and of the remainder, 1 Kr. paid monthly. One share is to be taken up for every cow. Liability is limited. The members are obliged to deliver all their milk. If a member violates this paragraph, he is bound to pay up the remainder of his shares immediately. After two

years of membership, a member may withdraw upon a six months' notification, but he is not entitled to repayment of his shares, except if he retire from his farm. A member has one vote for every 10 shares. For the first five years 0·5 per cent. and thereafter 1 per cent. of the payment to members, plus 10 per cent. of the profit made, are placed to reserve till it equals 20 per cent. of the share capital. One of the auditors must be qualified.

The model by-laws of *slaughter-houses societies* are much the same. In a few respects, however, they differ. Members pay an admission fee of 0·20 Kr. per hectare of cultivated land. Shares are fixed at 30 times the admission fee or a deduction of 0·02 Kr. per kg. dead weight of delivered animals for five years, making a total share capital of around 6 Kr. per hectare cultivated land. The members are obliged to deliver to their societies all their animals intended for butchering, except those used in home consumption. Members who violate this paragraph are liable to a fine of 50 to 100 Kr. for each animal sold in other ways. In most cases membership cannot be withdrawn until five years from admission. Each member has one vote. One of the three auditors auditing the books must be qualified. From the profits made, 20 per cent. is placed to reserve until it amounts to 20 per cent. of the share capital; 1 per cent. of the profit can be used for education.

In the model by-laws of local *egg-marketing societies* we find the same principal rules. The poultry producers, however, are often poor people. Therefore the shares are fixed as low as 2 Kr., the total paid up on admission. Only one share is to be taken by each member. Before payment to members, 0·5 Kr. is to be deducted and placed to reserve until the reserve equals 10 per cent. of the business turnover of the last year. The model by-laws of *purchasing and credit* associations are briefly described in the *Year Book*, 1934.

For the district associations of dairy and egg-marketing societies, etc., model by-laws have also been set up, and in these we find corresponding rules. In some respects, however, they must necessarily differ. For instance, shares are taken and votes are distributed mostly according to the

turnover. Election of committees is naturally somewhat more involved.

Under the central committees of the S.A.L., district or local committees were formed, and several meetings were held throughout the country. In recent years, Riksforbundet Landsbygdens Folk (a kind of farmers trade union) has taken a great part locally in organising the farmers in production and marketing societies. By these committees under the aid of S.A.L., the plans were put through. Local societies were formed, and to avoid competition among these, common interests were co-ordinated in districts, and the districts formed national marketing societies. In about three years, five national societies were organised.

Since these nationals have taken over most of the organisation work, the S.A.L., and especially its division of Agricultural Co-operation, constitutes a kind of institution where representatives of the nationals meet to discuss problems of common interest. Investigations are made by the Division of Agricultural Co-operation in general agricultural co-operative and special marketing problems. Records of different marketing societies are analysed and compared to show the efficiency of each of them. For four years the Division has also maintained an auditing section, providing the co-operative societies with qualified auditors, and in the last years, 129 societies were audited by these professional men. Now a part of this work, namely the auditing of dairy and purchasing societies, is to be taken over by the nationals or districts in these fields. The Division of Agricultural Co-operation also carried on an educational program. Courses in co-operation are held throughout the country. In the last year, 55 two-day propaganda courses for farmers, and 4 six-day instruction courses for co-operative leaders were arranged and visited by 3,000 farmers and co-operative leaders. The S.A.L. also owns a publishing company where, among other publications and papers, a weekly co-operative paper, *Jordbrukarnas Foreningsblad*, is published. This paper is now practically the only agricultural co-operative paper in Sweden. It is published in six different editions and read

by 200,000 farmers. (There are altogether 427,000 farmers in Sweden, of whom 307,000 cultivate more than 2 hectares.)

The co-operative movement among farmers during recent years has been actively promoted by the State. Funds have been granted by the State to start the organisation work, including 245,000 Kr. to organise the dairy business, 15,000 Kr. to egg marketing, and 250,000 Kr. to the marketing of pork and meat, the last sum out of funds from levy taxes. The subsidies have been distributed by the S.A.L., which also has had to control their utilisation. Also, in putting through the different price-raising measures, the farmers' co-operative societies are utilised in every department to carry out the schemes, while they still retain their democracy, voluntary co-operation and producer control. Undoubtedly this has strengthened the co-operative movement.

Dairy Production and Marketing

The total production of milk in Sweden for the last year was estimated at 4·7 million tons, of which 1·7 million tons were retained on farms, 1·0 million tons sold in the form of liquid milk, partly through dairies, partly through private or direct selling ; 1·7 million tons converted into butter and 0·3 million tons into cheese. Of the butter production (roughly 68 million kg.), 23 million kg. were exported, mainly to Great Britain and Germany.

Out of roughly 1,600 co-operative and non-co-operative dairies in Sweden, 940, principally co-operative dairies, representing 130,000 farmers, are now federated in 29 district societies, and these are in turn affiliated to Svenska Mejeriernas Riksforening (The National Association of Swedish Dairies). This Association was formed in 1932 and represented that year 62 per cent. of all milk delivered at dairies. In 1933, the corresponding figure was 73 per cent., in 1934 81 per cent. and in June, 1935, the Association represented 85 per cent. of all milk delivered at dairies, or about 70 per cent. of all milk produced for sale in one form or another.

In January, 1935, the National Association took over practically all the Swedish butter exporting firms, co-operative as well as non-co-operative. Swedish butter is now

exported mainly by the farmers' own organisation. The aim of taking over export was to make it more regular, to bring the butter for export to a higher standard and to cut the costs of handling. Within the country the National Association strives to direct the distribution of dairy products into proper channels. The dairies and the districts are responsible for sale in their own territories, but the surplus is sold by the National Association. As a part of its selling plan it also carries on a rather successful propaganda program for its products.

The National Association is also striving in several ways to make the dairy industry more efficient. Its committee and field men visit the dairies to work out plans for more concentrated and efficient dairy units, to recommend the use of the standardised bookkeeping system, to give instructions in this system, to help the dairy managers to analyse records, etc. Finally, the National Association has organised a supply department to supply the dairies with machinery and other requirements, a service which has also proved to be very valuable to the members.

Bacon and Meat Marketing

The production in Sweden of pork can be estimated at 160 million kgs. and of beef, veal and mutton, at 110 million kgs., of which roughly 75 per cent. is produced for the market. The beef, veal and mutton produced do not more than meet the home demand, but the pig industry, which to a large extent is based on dairy by-products, is to a high degree dependent upon the export of bacon. This export, which principally goes to Great Britain is, however, at present much curtailed by the British import restrictions. For 1934, the export of bacon was 19 million kgs.

In the field of organising the farmers in slaughter-house and bacon manufacturing societies, the most spectacular work has taken place during the last two or three years. As mentioned before, only a few years ago a very small part of this branch of production was organised co-operatively. In 1932 the farmers' societies handled only 40 per cent. of the pork and 4 per cent. of the other kinds of meat.

In 1933 and 1934 co-operative slaughter-houses were formed in practically all districts of the country. At present there are 26 societies of this kind, with altogether 180,000 members (of these, one is composed of seven societies which were formerly counted independently in the statistics). These societies in 1934 federated into Sveriges Slakteriforbund (The Swedish Federation of Meat-Marketing Societies). It is estimated that this organisation controls 80 per cent. of the pork and meat produced for sale.

The Federation is organised on the same basic principles as is the National Association of Swedish Dairies. The 26 local societies are responsible for the sale in their own territories, and the surplus is sold by the Federation. The co-operative slaughter-houses themselves, however, take care of the bacon export, which is carried on principally by a few societies in the Southern part of Sweden. On the Swedish market most of the pork and meat are sold at wholesale markets, but some of the societies sell a comparatively large amount in their own retail shops.

It is also the duty of the Federation to make the slaughter business more efficient, to suggest the use of standardised bookkeeping and of qualified auditors to analyse the book records, and in other ways to promote their efficiency. A new complete grading system has been worked out. Cattle are classified as cows, heifers, bulls, oxen and calves, each class being graded in 12 grades. The grading system is based upon four qualities, namely, the relative amount of meat, the formation of fat, general appearance and age. Each quality is measured in points. The maximum points are plus 8, 4, 4 and minus 3 respectively. For pork, a somewhat similar grading system is suggested.

Grain Marketing and Requirements Purchasing

Some years ago the purchasing societies also started to market their members' grain and a few other products, such as hay and potatoes. Since 1930, when State regulations were introduced in the grain market, the growing of bread grains has been stimulated. In 1933 and 1934, the wheat production was more than enough to meet the total demand

of the country. In 1934, 772,280 tons of wheat and 525,130 tons of rye were produced. This course of events has made the marketing of bread grain more important and, therefore, the farmers, to an increasing extent, have marketed their grain co-operatively.

As mentioned previously, the national organisation in these fields was started in 1905. Since the year of reorganisation (1930), the district societies and their National Federation have been growing steadily. At present there are 20 districts, composed of 700 locals and a number of individual members (some of the districts are composed entirely of individual members). The actual number of members is 45,000 and there are an additional 55,000 who trade without being members. The business turnover of all the districts was, in 1932, 34 million Kr., in 1933, 47 million, in 1934, 69 million and for the first half of 1935 it was 82 million Kr. It is estimated that these organisations control about 30 per cent. of the bread grain, 30 per cent. of the feeding stuffs purchased and 35 per cent. of the fertilisers purchased in the country. The turnover of the National Federation in 1934 amounted to 32 million Kr., of which grains accounted for 41 per cent., feeding stuffs 29 per cent., fertilisers 22 per cent., and miscellaneous products 8 per cent. In the last three or four years the districts have been very active in constructing grain elevators. Now they dispose of a storage capacity amounting to 200,000 tons of grain. The National Federation also carries on an advisory program in the district and local societies. The business and the books of the societies are inspected, a standardised bookkeeping system is suggested and also the use of qualified auditors. The total share and reserve capital of the National Federation and the districts exceeds 7 million Kr.

Besides this Federation and its member societies there are a number of grain elevator societies in the grain-growing territories of the country. Most of them have been formed since 1930, when State loans were made available for societies of this kind. At present there are 16 grain elevators, having a membership of around 5,000 and a total storage capacity

of 75,000 tons. Of these societies, 14 are federated in Svenska Spannmalsforeningarns Samorganisation (the Swedish Association of Grain Elevators), having a total storage capacity of 60,000 tons. This year, contractual relations have been established between this Association of Grain Elevators and the National Federation, according to which the two organisations co-operate in their sale of grains.

Co-operative Egg Marketing

The total productions of eggs in Sweden can be estimated at 45 million Kg., or about 6 million long hundred, principally produced by small-holders. As already reported in the *Year Book* for 1934, some of the egg-marketing district societies in 1932 formed a national society, Svenska Agghandelsforbundet (The Swedish Federation of Egg Marketing Societies). One of its main duties is to distribute the eggs through the proper trade channels so as to equate supply and demand in the consuming centres. To do that, it has been necessary for the Federation to export larger quantities, and the Federation now handles half the total export of eggs. The Federation is growing and now has 17 district members. Some of these, however, are small. They are composed of 500 local societies with an actual membership of 30,000. In 1933 the Federation and its district handled 3·6 million kgs., in 1934, 4·8 million and for the period January-August, 1935, 4·6 million kgs. The last figure represents about 18 per cent. of the total eggs marketed. On the home market, the Federation and its districts strive to raise the quality by advising the producers, and by careful handling and grading. First grades are marketed under a special trade mark, the " Crown Mark ". Some are retail packed by the districts. Besides these 17 districts there is one large district society handling nearly 2 million kgs. eggs yearly which has not joined the Federation. It sells the whole supply to the Stockholm Consumers Society. In addition, there are several independent local egg-marketing societies.

Co-operative Marketing Fruit and Vegetables

Although Sweden cannot support itself with fruit and vegetables, they are produced in considerable quantities; the value of home grown fruit marketed yearly is estimated at 35 million Kr., but the market has been poorly organised. In 1934 an organisation plan was worked out for the market of fruit and vegetables. Up to the present, 14 societies are organised, having a total membership of 10,000 fruit-growers. These societies are all members of the Riksforbundet Sven Frukt (the National Federation of Fruit-Marketing Societies), also formed in 1934. The fruit is sorted and packed at the packing plants of the local societies and sold by the Federation. Lower grades of fruit are used to make drinks, etc., in order not to spoil the market for better grade produce. This year the Federation has marketed 2 million kgs. of fruit.

Forestry Co-operative Organisations

Sweden is to a very large extent a forestry country. The forest area is estimated at 25 million hectare, of which 50 per cent. is owned by individual farmers or forest owners. In the Northern and Central parts of Sweden the forestry industry is very important to the farmers. From 1922 onwards, a number of forestry societies were formed in Sweden. These, however, were intended mainly to improve methods of production, problems of marketing being somewhat in the background. During the recent depression it became evident that marketing problems called for a more satisfactory solution. In 1932 a national federation, Skogsagareforeningarnas Riksforbund (the National Federation of Forestry Societies) was formed to take care of the organisation problems in this field. At present, there are 21 forestry societies, most of which are now marketing societies. The actual membership is 15,000. Up to the present, the societies have been most active in the fire-wood business, but gradually other kinds of forestry products are being handled.

Co-operative Credit Societies

The development of credit societies has continued to grow. In November, 1934, there were 744 local societies with 65,319 individual members. The local societies are grouped in 9 districts, which are in turn members of Svenska Jordbrukskreditkassan (the Swedish Federation of Credit Societies). Savings received amounted to 22·4 million Kr. The credits advanced amounted to 52·9 million Kr., of which 19·7 million was mortgage loans and 33·2 million short-term credit. Reserves, share capital and profits totalled 2·2 million Kr. on January 1, 1934. This year a committee has investigated the organisation of credit co-operative societies and proposed some changes in those set up in order to make the organisation more efficient. The committee especially emphasises that these credit institutions should be able to obtain more capital with the present State guarantee.

State Aid to Agriculture

The State aid to the production of dairy products and bread grains described in the *Year Book*, 1934, still exists but is modified in a few points. At the same time, the State-aid program is extended to other agricultural products such as meat, eggs and feed grains. The philosophy is that different lines of agricultural production should be given equal support in order to avoid violent shifts in production, and as much as possible keep it in line with domestic demand.

This survey shows that during the past few years the agricultural co-operative movement in Sweden has undergone rapid development. The driving force has been the depression, which has compelled farmers to find some means of improving their position. But the progress made is also due to the excellent guidance provided by the leading men of the S.A.L., who have not neglected to stress the basic business principles, that co-operative societies should be strongly founded, that they should be established on a sound financial basis, scientifically managed and well controlled. It is too early to speak of the ultimate success, but to-day the appearance of the agricultural co-operative movement is at least a strong and healthy one.

DENMARK

BY

AXELSEN DREJER

Secretary of the Central Co-operative Committee of Denmark

FOR Denmark and Danish industrial life, 1934 and 1935 were years of uncertainty and difficulty in a series of spheres which influence economic development. The particular feature of these two years, as also of the period from 1931, is that the restrictive policy which has been introduced piecemeal in all countries has caused work to be planned short-sightedly and at short notice. We face situations, both good and bad, which bear the impress of accident and hazard, and it is unavoidable that these circumstances should affect the character of the work and to some extent also, that which is behind the work—the spirit or mentality. However, it must be stated that the two years in question as a whole, and in important spheres, have improved the economic situation, as may be seen from increasing foreign trade, an improved profitableness in agriculture, a reduced number of unemployed and increased production in industry, and, finally, a remarkable increase in incomes and property as a whole.

The common characteristics shown above are also evident in the development and conditions of the Danish co-operative movement and its activities in important domains. If we consider either the close connection between the co-operative movement and the consumers' interests, or the big co-operative enterprises in agriculture, we shall understand that the co-operative movement must largely be impressed by the development of the time. The existing co-operative societies impinge on the daily life of the people and cater for its interests in essential spheres to such a degree, that the general economic conditions of the country must necessarily be mirrored in their activity. This also

applies to their statistical position, as stated in the figures for turnover, membership, etc., and in studying the table of figures for the last three years, these presuppositions should be remembered. Besides the figures for turnover, from which the money institutions within the co-operative movement have been omitted, it must be stated that the *Co-operative Bank* in 1934 had a turnover of 5,300 million Krs. and in 1935 of about 6,000 million Krs., while its balance was 62·8 and 70 million Krs. respectively, and that the *Co-operative Savings Bank* had a turnover of about 250 million Krs.

To illustrate the general development within the various branches of the co-operative movement, it is natural to add a summary of the position taken up by the various co-operative societies within their respective working domains. Thus, the co-operative dairies handled 90 per cent. of the milk handled by all dairies. Through the co-operative butter export societies, 48·9 per cent. of the total amount of Danish butter exported was handled; in the co-operative bacon factories, 83 per cent. of all butcherings for export was undertaken; through "Dansk Andels Ægexport" (Danish Co-operative Egg Export Society) and the bacon factories, 24·4 per cent. of the aggregate amount of the Danish egg export were handled, and through the co-operative cattle export society 33·3 per cent. of the meat and cattle export took place. The co-operative feeding-stuff societies had a turnover of 82·9 per cent. of the total net import of feeding-stuffs, while through "The Danish Co-operative Manure Supply," 39·3 per cent. of the total consumption of manure are handled.

We may note, as far as the consumers' societies are concerned, that a certain increase in purchasing power has taken place. On the other hand, these circles have found difficulty in supplying the normal consumption of imported goods. The existing arrangement of Danish foreign trade has caused a difficulty for the co-operative distributive societies and the Co-operative Wholesale Society, as the import of individual importers in 1931 has been taken as the basis for the allotment of import certificates, and as a

	Total Turnover. mill. Krs.			*Number of Societies.*		*Number of Individual Members.*	
	1935	1934	1933	1934	1933	1934	1933
Consumers' Co-operative Societies	471·5	436·4	402·6	1,830	1,824	347,000	335,000
Producers' Co-operative Societies :							
Co-op. Dairies	485·0	460·0	445·0	1,411	1,402	190,000	190,000
Butter Export Societies	142·9	129·6	134·3	11	11	648	641
Co-op. Bacon Factories	441·4	464·5	470·8	61	60	183,890	179,873
Co-op. Egg Export Societies	25·4	23·1	21·0	800	700	45,000	45,000
Cattle Export Societies	7·7	4·2	4·8	16	15	11,613	12,227
Seed Supply Association of the Danish Agricultural Unions	6·6	5·6	3·7	—	—	3,820	3,400
	1,109·0	1,087·0	1,079·6	2,299	2,188	434,971	431,141
Agricultural Purchase Societies	125·2	117·3	122·6	2,880	2,837	155,462	152,875
Other Co-operative Societies	11·6	11·5	10·8	—	1,077	767,737	749,946
	1,717·3	1,652·2	1,615·6	7,009	7,926	1,705,170	1,668,962

considerable increase in the membership within the co-operative distributive stores has taken place since 1931, and, let it be remembered, beyond the increase of the general population, it is difficult for them to get the right to import on a scale in conformity with their present extent. This question of protecting the consumers' interest, in view of the arrangement for imports existing during the past two years, has been subject to careful handling within the organisation, and yielded one more impressive proof of the significance of these organisations.

When considering generally the other main division of the Danish co-operative movement, viz. that which is connected with agriculture, the same result appears: that the present difficulties and extraordinary conditions have contributed to stress the significance of the co-operative movement and to increase the affiliation to and use of the various enterprises. The practical work within these societies and their organisations has been deeply affected by the extraordinary situation with regard to the export of produce and manufactures and also to some extent with regard to import of raw materials.

In the adjustment of measures made necessary by these conditions (which have taken place in important spheres affecting the country as a whole) and by virtue of provisions made by the Government, the co-operative organisations and their leaders have played a prominent part, both in negotiations for these various arrangements, and their administration. Beside this work, it must be briefly stated that the work of organisation has been characterised by progress and increased understanding among the people. Further, educational work is in progress which is still waiting for its final shape in details, but which in an increasing degree gains in interest and significance. As has been the case in recent years, a strong propaganda against the movement is still carried out by its opponents, but it has left no visible result, except an increased understanding within the movement of the questions brought forward by opponents.

Thus a general characteristic of the Danish co-operative

movement in 1934–35 is that the practical work, the tasks, and to some extent also the difficulties which have occurred have especially caught the attention both of individual members and of leaders. This, however, has led to a continued happy development for the co-operative idea, so that it may almost be said that it has enjoyed favourable conditions. This is, among other things, shown by the circumstance that great attention is being given to future development. How the practical basis for this will take shape, as concerns foreign trade, home production and home trade, depends on the negotiations and agreements which in the very near future must be settled with those countries which have the most important business relations with Denmark, especially in the west and south, and to these the economic attention of the country is at this moment anxiously turned.

ICELAND

BY
RAGNAR OLAFSSON

IN the northernmost part of the Atlantic, its northern coast touching the Arctic circle lies the island of Iceland. It is a little larger than Ireland, but its inhabitants number only 115,000. They are of Norse descent with an admixture of Scottish and Irish blood, and their forefathers settled in the country in the Viking age, or about the year A.D. 900. They are well educated and have an old-established, unique and good literary tradition. The country is mountainous and large areas of it are uninhabitable. The inhabited regions are along the coasts, and the chief occupations of the people of the island are fishing and livestock farming, cattle and sheep.

For six hundred and fifty odd years the island was governed as a colony, first from Norway and then from Denmark. It was not until 1918 that it became an independent state in a personal union with Denmark, which status it has retained. For 200 years the Danish Government sold to certain commercial houses the privilege of all trade with Iceland. For the next fifty years after this state of affairs had been abolished, only persons residing within the Danish realm were allowed to trade with Iceland, and it was not until 1855 that trade was thrown open to all comers. As may easily be imagined the monopoly had a very bad effect on the financial circumstances of the Icelanders. The prices of goods were kept at such a level that the people just managed to keep alive during fair years. The foreign merchants gained possession of and exported all the capital that there was in the country. Universal misery prevailed in the country where the conditions of life had formerly been reasonable, and in bad

years the people died of hunger. During the two hundred years that trade was in the hands of Danish merchants the population of the island decreased, and yet there was no emigration during this period and the country was never subjected to internal wars.

When, in the middle of the nineteenth century, trade was thrown open to all, the state of the country was as follows: There were no reserves of capital in the land, no banks, no knowledge of business methods and no native commercial traditions to follow. The people were extremely poor. The occupations of the people were few in number and carried on in the most primitive fashion, and only home-made tools were used. There were no towns, no roads had been constructed, no durable houses built, and the people of the island had only small boats with which to exploit the rich fishing-grounds round the country, and they had no ships with which to export and import goods. When freedom of commerce was obtained, then trade improved quickly and came gradually into the hands of natives. There began to be some native capital and a period of all-round financial expansion began.

In 1869, after fifteen years of free trade, three trading societies were established whose object was to better the conditions of life of the people. These were joint-stock companies formed by public subscription from the districts which they served. In the following years more trading societies of a similar nature were established. But most of them had only a short existence and the last of them disappeared a little after 1880.

The first co-operative society in Iceland was established in the year 1882, and it is still functioning. It is in the north of the country in a district called Thingeyjarsýsla, and has its main branch in Húsavík. The society is called the Kaupfélag Thingeyinga; its founders were farmers and the first managing-director was a farmer. The founders of this society had heard of co-operative societies in England and Denmark, but they had not, of course, a close acquaintance with the business methods of the co-operative societies there. The scarcity of the population and the long distance

separating them from commercial towns also played a part in deciding the system of trading adopted by the society. Its methods of doing business therefore were naturally different from those of co-operative societies in thickly populated areas or in towns. During its first years the system adopted by the Kaupfélag Thingeyinga was as follows: the members were divided into small groups, or departments, and each group had its leader, whose work was to collect from each separate member of the group orders for those goods which he wished to purchase. When he received an order from a member the leader of the group had also to receive a promise that the member would deliver to the society a definite quantity of his produce, which usually consisted of wool and sheep, and the value of the produce went to pay for the goods that were ordered. When the leader of the group had collected the orders from the members of his group and received their promises to deliver their produce to the society, then he gave both orders and promises to the managing-director. All the members of a group were jointly responsible for each member keeping the promise which he had in this way made to the society. The managing-director then bought goods according to these orders. The goods were bought from a wholesale-house in England and sent by ship to Iceland twice a year, in the spring and autumn, and the ship took from the society in return wool and sheep, which latter were transported alive to England and slaughtered there. The money received for these articles went to pay for the goods which the society had bought. The goods were sold to the members at a little more than cost-price, the profit going to form a reserve fund to safeguard the future of the society. The members of the society received for their produce the price at which they were sold, less the sales-costs.

It proved to be much more profitable to trade with the co-operative society than with the Danish merchant, who before this time had complete control of all trade in Húsavík. Thus the society increased its membership rapidly and similar societies were soon established in various parts of the country. By about 1900 there were co-operative

societies functioning in most districts of the country. In the following years their organisation began to change into the type which has since become most common for Icelandic co-operative societies, especially for agricultural societies. The man who initiated these changes, Mr. Hallgrímur Kristinsson, late managing-director of S.Í.S., had worked for co-operative societies in Denmark and become acquainted with the co-operative movement there. The changes were based on this knowledge together with the local conditions under which the Icelandic societies work. The principal change was that the societies ceased to collect individual orders and they opened shops for the sale of their goods, where both society-members and others could buy all kinds of wares at the current market-prices. The profits, with the exception of a proportion which was put into the reserve fund, were then divided among the members of the society in proportion to the amount of their purchase. The profits of trade with non-members were added to the reserve fund. The customers usually paid for their purchases with wool, meat and skins. They deliver the wool to the society in the spring, and the sheep in the autumn. They now stopped sending the sheep alive to England. The societies themselves built slaughter-houses, salted meat and sheep-skins and sold the goods prepared in this way. The salt meat was mostly exported to Denmark and Norway, but after 1920 the market for it began to decrease. The co-operative societies, with the support of the State, then built cold-storage houses in connection with their slaughter-houses and now send a great deal of their meat frozen, for sale in England and Scandinavia. Many of the slaughter-houses and cold-storage houses of the Icelandic co-operative societies are of the latest type and observe the most exact regulations and strict cleanliness in everything. As those customers who produce wool and mutton only receive the greater part of their income twice a year, the co-operative societies have to allow them to take out goods on credit during the intervals. This kind of Icelandic co-operative societies are therefore, for their members, loan-societies, societies for the sale of produce and consumers' societies.

As mentioned above these societies have become especially widespread in the agricultural districts. But they also spread among the small fish-producers. The fishermen pay for the goods which they buy with fish and fish-products.

In other respects the management of these societies can be described in a few words: admittance is open to all, both men and women, who are financially responsible. The subscription is 10 krónur (about 9s.). Each member of a society has one vote at its meetings without regard to his share in, or his trade with, the society. The interest on the capital stock and other capital held by the members may never be more than 1½ per cent. higher than the bank rate of the country. Profits of trade with non-members are put into the reserve fund. One per cent. of the turnover is added to the reserve fund. The remainder of the surplus is then divided among the members of the society in proportion with the amount of their dealings with the society. A proportion of the surplus to be distributed is paid into the capital stock of the members. The members are jointly and severally responsible for all financial liabilities which the managing-director or the committee of the society may incur on behalf of the society.

In the years following 1900 there was also a tendency in the co-operative movement to establish independent societies to run slaughter-houses, dairies, etc.; which societies bought the produce of their members for money which they in turn used to buy their necessaries either from consumers' societies or from merchants. A few such societies were established and some of them are still functioning, among them a butchering society, which owns the largest slaughter-house in the country, and sells the greater part of the meat which is used in Reykjavík, the capital where more than a quarter of all the inhabitants of the country live. But on the whole this type of society did not succeed in becoming widespread.

Hitherto we have mainly been concerned with the sales activities of the co-operative societies with regard to the products of sheep farming, as sheep farming is the chief occupation of Icelandic farmers. In the year 1934, 318,550

sheep were slaughtered in the slaughter-houses of the co-operative societies and the weight of meat was 4,170 tons, and that is about 80 per cent. of the total number of sheep slaughtered in the country. The co-operative societies sold 1,800 tons of this meat in Iceland, 783 tons were sold as salt meat, chiefly to Norway, and 1,587 tons were frozen and sold to England and Scandinavia. The co-operative societies' export of meat constitutes 90 per cent. of all meat exported from Iceland.

The co-operative societies have also taken the lead in the sale and manufacture of milk and milk-products. They have, with support from the State, built modern dairies which cleanse milk for immediate usage, make butter and cheese from it, etc. There are now 7 dairies in Iceland; 4 of them are the property of co-operative societies like those described above, 2 are the property of co-operative societies which were founded especially for this purpose, and 1 is private property. In addition to the dairies there are also a few creameries functioning. The dairies which supply Reykjavík with milk have, since the beginning of the year 1935, sold their products through a milk-board, which is appointed by the Government, and all others are forbidden to sell milk for consumption in Reykjavík, according to an Act of Parliament of January 7, 1935.

The co-operative societies have not played such a great part among that part of the population that is engaged in the fishing industry as among those engaged in agriculture, although fish and fish-products are the main articles of Icelandic export trade. The chief activity of the societies in this direction has been to sell the fish for fishermen who use small boats. But during the last three years the sale of about 90 per cent. of the salt-fish exported by this country has been in the hands of a kind of co-operative society, which all the principal fish-producers support. But this is looked on as a temporary expedient established because of the commercial crisis, and not as an arrangement of the future. A number of co-operative societies have also been founded to buy and finance motor-boats, but they are as yet still in the experimental stage. The trawlers

belong for the most part to joint-stock companies, though some of them are run by the municipalities of the towns to which they belong, and this arrangement is becoming more common.

The co-operative societies have gained a proportionately greater circulation among the farmers, but they have also spread to other classes, especially of recent years. In Reykjavík, there was, until a short time ago, no co-operative society. Now there are operating two co-operative building-societies and two societies for consumers, and they are increasing their membership rapidly.

In 1902 the co-operative societies formed the Federation of Icelandic Co-operative Societies (S.Í.S.). During its first year S.Í.S. published newspapers, sent out lecturers all over the country to explain the co-operative movement and the work of the co-operative societies, and worked in other ways to forward the spread of the co-operative movement. It still continues this work. In 1910 S.Í.S. began to sell goods for the co-operative societies, and in 1915 it began to buy in goods for them and in 1917 established a wholesale department in Reykjavík. The head office of S.Í.S. is in Reykjavík, but it has buying and sales offices in Leith and Copenhagen. It also had an office in Hamburg for several years, but it was done away with in 1932. In 1934 S.Í.S. sold the co-operative societies goods to the value of kr.6,008,000. The same year it sold goods for the co-operative societies to the value of kr.6,685,000; the total turnover of S.Í.S. with the co-operative societies in 1934, was then kr.12,693,000.

S.Í.S. also runs factories, both to produce goods for the co-operative societies and to manufacture the raw materials of the co-operative societies. It has a soap-factory, a chicory-factory, a cattle-food mixing factory, a woollen mill, a factory for depilating sheepskins, and a gut-cleaning plant. In 1934 these factories sold goods to the value of kr.1,057,000.

All co-operative societies, of whatsoever class they may be, are entitled to join S.Í.S. At the end of the year 1934 there were 39 societies in S.Í.S. 36 of these were of the

kind described above, which is most common in Iceland. Two were butchering societies and one a consumers' society. There are a great many co-operative societies not affiliated with S.Í.S., but many of them deal with S.Í.S.

At the end of the year 1934 there were 8,054 members of the societies forming S.Í.S., or a number representing one out of every 15 persons in Iceland. They were divided as to occupation as follows:

65·7 per cent. are occupied in agricultural pursuits
7·8 „ „ are occupied in fishing
3·5 „ „ are artisans
16·2 „ „ are occupied in other active work
6·8 „ „ have other occupations.

During the year 1934 the societies forming S.Í.S. sold goods to their customers to the value of kr.9,482,000, but they bought goods from their customers to the value of kr.5,746,000.

Much has changed in Iceland since the co-operative societies began their activities there about fifty years ago. Now the Icelanders have a good fishing fleet. Icelandic ships carry goods to and from the country and round the coasts. Roads have been constructed between the chief places of the country. The people are beginning to use modern methods of agriculture; tractors, ploughs, mowers, etc., are now used where formerly only hand-tools were employed. Durable houses are built for all and sundry. The isolation which before was so severely felt has now grown less. Icelanders can now, through the medium of the wireless, keep in touch with the events of the rest of the world. Icelanders now have more faith in the possibilities of their country than they had fifty years ago. The co-operative societies have played a great part in producing this new outlook

POLAND

BY

J. BARGIEL

IN the *Year Book* for 1935 we gave a short account of the co-operative movement in Poland at the end of 1933 and indicated the great changes which took place at the end of 1934. Owing to the resolution of the Co-operative Council nine Polish agricultural unions combined into one central co-operative organisation and a few others were ordered to discontinue their action. In consequence, the number of unions fell from 23 to 10.

Thus the years of 1934 and 1935 must be regarded as the period of structural reorganisation and of internal consolidation of the whole co-operative movement in Poland. The reorganisation made the structure more simple and better adapted to the new economic and political conditions and the consolidation which is going on continually, has as its object the quickest possible liquidation of societies which cannot be saved from ruin, the cure of financial fundamentals of many weaker units and the revival of their activity in every economic and social field. These circumstances do not favour the numerical development of the movement and therefore we find here and there fewer societies and members or smaller turnover in comparison with previous years. This, however, cannot be ascribed to the weakness of co-operation or to the depression but to this salutary castigation of the movement.

According to the changes which came as a result of the above-mentioned reorganisation, it was intended that the co-operative societies should be grouped as in the table at head of next page.

In fact the regrouping took place in some cases in a different way. Besides, not all societies assigned to their unions have up to this time sent their declaration or have

Unions.	*Societies Credit.*	*Selling and Buying.*	*Dairy.*	*Consumers.*	*Building.*	*Others.*	*Total.*
1. Agricultural.	3,550	772	1,038	4	—	103	5,467
2. Consumers .	1	—	—	907	—	33	941
3. Military . .	1	—	—	262	—	—	263
4. Workers .	196	—	—	—	273	12	481
Polish together	3,748	722	1,038	1,173	273	148	7,152
5. Ukranian and Ruthenian	489	2,135	144	127	—	12	2,877
6. German . .	452	185	115	8	—	63	823
7. Jewish . .	691	—	—	—	—	2	693
National minorities together	1,632	2,320	259	135	—	77	4,393
Total . .	5,380	3,042	1,297	1,308	273	225	11,545

been enrolled as members. In consequence, the real state of the unions looks now a little different.

All Polish agricultural societies are members of the Union of Agricultural and Industrial Co-operative Societies of the Republic of Poland. Agricultural societies of national minorities belong to two German, one Ukrainian and one Ruthenian union.

The Union of Agricultural and Industrial Co-operative Societies is the greatest co-operative union in Poland having now approximately 5,000 societies with 1,500,000 members, about 80 per cent. of which are farmers. This central organisation has nine regional unions and ten financial and commercial centrals. The financial resources of the Union amount to 500 million zlotys to which must be added 250 million zlotys of the centrals. Total loans made by credit societies to their members during the past year amounted to 240 million zlotys. Dairy co-operatives received 515 million kgs. of milk, exported 2,372,000 kgs. of butter and paid out to their members around 40 million zlotys. The turnover of the commercial centrals was 51 million zlotys.

However great, these figures do not satisfy the co-operative

leaders. The conditions for credit societies are not favourable. Many of these societies are in difficulties through lack of funds on account of low prices of agricultural products and inability of farmers to pay up their loans. They have not enough funds to help agriculture with loans and in some cases are not able to pay out on demand the savings of their members.

Still greater difficulties are encountered by commercial selling and buying societies. Again, the source of trouble is lack of funds to finance the grain-selling campaign. There is however a number of reliable societies of long standing which have sufficient funds of their own or which can obtain credit.

The best situation was that of the dairy co-operatives on account of better prices for dairy products and financial support of export activities. Besides, there are Government credits available for investment in building and machinery.

The authorities of the Union concentrate their efforts on consolidating the movement as soon and as much as possible. It should be remembered, however, that the Union itself is in a state of reorganisation which will only be completed early this year—1936. The most important event took place at the end of 1935, when the General Council of the Union was elected without any influence from outside. This has put the Union completely on voluntary basis and will foster activities based on its own forces of organisation.

The development of the German co-operative movement in Poland has not been held back on account of new political conditions. The situation of German co-operatives is normal and the slowness of progress must be ascribed to general difficulties of the present time. The same may be said about Ukrainian and Ruthenian co-operation. Their work is planned in detail and brings very good results in many fields. Their organisation, however, is highly political and this condition is responsible for the breaking up of the movement into two hostile camps.

ESTONIA

BY

THE ESTONIAN CO-OPERATIVE LEAGUE

THE Estonian Co-operative League is the co-ordinating centre of the Estonian co-operative movement. Its predecessor was the Co-operative Bureau, established in 1913, the only form of central organisation allowed by the Russian authorities. The League was founded in 1919. Its membership is composed of co-operative societies, whose representatives form the membership of the Assembly of the League. The Assembly appoints two central organs—the Council and the Board of Directors.

The aim of the League is to propagate the ideals of co-operation, to explain its principles, to spread the knowledge of co-operative methods, to further co-operative interests with the Government and the local authorities, to gather and publish information on the co-operative movement, to distribute co-operative literature, to organise meetings and congresses devoted to co-operation, and to revise and control the activity of co-operative organisations.

The League employs 16 instructors and controllers visiting the co-operative societies. It gives oral or written advice on all questions submitted by the latter. To train a staff of efficient officials of the movement, a special school was established by the League in 1921. Since its foundation this school has given training to 657 co-operative officials.

The League prepares and distributes printed forms, pamphlets and leaflets in order to facilitate the work of the members, particularly that of bookkeeping and accountancy. It publishes a popular co-operative weekly (*Ühistegelised Uudised*) and a monthly magazine (*Ühistegevusleht*).

The membership of the League consisted on January 1, 1935 of 1189 co-operative enterprises.

The Estonian Co-operative Wholesale Society was established in 1917. Its purpose is to act as a centre for the retail co-operative societies. The E.T.K. (as it is called) effects wholesale purchases of goods for these enterprises, disposes of their marketable products, manufactures certain articles needed by the retail shops on its own account, and exports agricultural products which are collected by the societies. In addition to this, the E.T.K. manufactures in its factories various goods. It gives commercial and legal advice to its membership, provides it with the necessary staff and does everything to promote and support the co-operative retail societies.

The society has branches and warehouses in most Estonian towns. There are several important articles in which the society is predominant on the Estonian market, such as fertilisers, cattle food, salt, tobacco, agricultural machinery, etc. The following figures show the development of the E.T.K. :

	Member-ship.	*Goods Sold (Krones).*	*Capital Paid Up.*	*Balance.*
1924 . .	268	12,153,000	702,000	6,700,100
1934 . .	180	15,399,000	1,017,000	5,041,000

The Estonian People's Bank is the central institution financing the co-operative movement. In 1934 the membership of this bank included all central co-operative organisations, 155 co-operative banks, 35 consumers' societies, 12 co-operative dairies, etc., in all 228 members.

Co-operative Retail Societies

The first co-operative retail society was established in 1902. The following figures show the development of this particular branch of the Estonian co-operative movement.

Number of Co-operative Retail Societies

1905	11	1925	277
1915	130	1934	180

Many of these enterprises were originally established as retail sections of farmers' societies. In these cases the success of the experiment usually prompted the supporters to establish an independent retail society. It is character-

istic of these retail enterprises that they not only supply their members with necessaries, but inasmuch as they are situated in the rural districts, also assist them in marketing their products.

The following tables show the activity and the development of the co-operative retail trade during the last decade :

	No. of Reporting Retail Societies.	*Membership.*		*Paid-up Capital (Krones).*	
		Total.	*Average per Retail Society.*	*Per Retail Society.*	*Per Member.*
1924	200 with 300 stores	76,203	381	6,500	17
1934	180 with 370 stores	35,000	194	17,400	90

	No. of Reporting Retail Societies.	*Goods Sold (Krones).*		*Relation of Overhead Expenses to Total Sales in %.*
		Total.	*Per Retail Society.*	
1924	200 with 300 stores	22,283,000	111,415	8·90
1934	180 with 370 stores	24,000,000	133,300	8·00

These figures show that the co-operative retail system was able to maintain its relatively important position in spite of the trade depression in 1931–33.

The Co-operative Dairies

Agriculture and dairy farming is the real domain of the Estonian co-operative movement.

Co-operative dairies were established in the beginning of the twentieth century when, owing to the construction of new railways and the use of differential tariffs, it became impossible for the agriculturists in the Baltic provinces to compete with Russian grain. The farmers were obliged to turn to cattle breeding and dairy farming. The milk output increased and dairy farming gradually became the main source of income of the farmer. The first co-operative dairy was founded in 1907. In 1914 the dairies numbered 135.

The local market was soon unable to take up the entire output. The surplus was consumed by the Russian market, small quantities being exported to England and Germany. During the World War the dairies were compelled to reduce their work as the transport conditions became difficult. By 1918 their number fell to 60. In 1920 most of the dairies resumed their activities. Thanks to the favourable conditions of marketing in England and Germany and to Government support, co-operative dairying showed a considerable expansion. Private dairies were unable to maintain themselves in face of competition, as may be seen from the following figures:

	No. of Dairies.		*Milk furnished to Dairies.*	
	Co-operative.	*Private.*	*Co-operative.*	*Private.*
			tons.	tons.
1924 . .	179	93	76,112	17,068
1934 . .	298	32	329,065	31,749

The number of co-operative dairies increased until 1929, when there were 331 of them. In 1929 the prices of dairy products on international markets began to drop. It became evident that a period of retrenchment will have to follow the period of incessant growth. Owing to the necessities of rationalisation a number of dairies were obliged to join hands, a few being compelled to liquidate.

In 1933, when the total number of co-operative dairies was 291 the national average was one dairy per 1,329 cows. The production of butter attained its record in 1931, when co-operative dairies produced 14,603 tons. The output of other milk products (casein, cheese, cream) was relatively unimportant, with the exception of casein (1933: 783·5 tons) taken up by the artificial horn industry.

There are two central marketing organisations selling and exporting the butter produced by the co-operative dairies: the Central Agricultural Society "Estonia", established in 1912 and responsible for about 45 per cent. of the Estonian butter exports, and the Union of Estonian Dairies (Eesti

Piimaühisuste Liit), founded in 1924, which exported during the last years about 25 per cent. of the total exported butter.

Co-operative Producing Societies

These societies are established to work up or sell the products of their members or professional groups who have provided the capital. In the case of co-operative societies for the use of agricultural machinery the aim is to allow the acquisition of machinery otherwise prohibitive for the small farmer. The co-operative peat societies are founded to provide members and others with peat for fuel and litter.

Co-operative Slaughter-houses

There are four co-operative slaughter-houses, representing an investment of about 2·5 million kr. These export slaughter-houses were established during the period of independence in order to organise the exportation of Estonian bacon, a novel line of export trade.

Egg-marketing Societies

These societies were first established in 1925 to organise the collection of eggs for export purposes. There were 10 egg-marketing societies in 1935, partly forming the membership of two central societies, partly selling their eggs to private exporters.

Potato Societies

Owing to the depression in the alcohol industry the potato-growing farmers of northern Estonia were obliged to pay special attention to marketing problems. The first association of potato-growers was founded in 1920. There existed in 1934 125 associations. These associations established in 1921 the " Union of Potato Associations ". The Union assists the individual societies in finding suitable markets for the products, among which potato flour and starch likewise occupy an important place.

Peat Societies

The agrarian reform and the high prices of fuel during the post-war years led to the establishment of a large number of societies for co-operative exploitation of peat bogs. The peat is used as fuel and litter. A part of the peat cut for litter is exported. There were in 1928 250 peat societies.

Societies for the Use of Agricultural Machinery

These societies, of a type differing from the preceding, are one of the oldest branches of the Estonian co-operative movement. The first society for common use of agricultural machinery was founded in 1902. By 1914 there were 218 such societies. In 1927 their number attained 736, in 1935 about 1,200. These societies are of the greatest economic significance. At the time when Estonia liquidated the big estates to increase her class of small farmers, this step was in some quarters characterised as a retrograde measure. As a matter of fact the agricultural policy Estonia was pursuing was not based solely on nationalisation. It was nationalisation plus professional training plus co-operation. Societies for the Use of Agricultural Machinery allow the farmer to utilise modern inventions even to a greater extent than it has ever been possible in the most progressive large holdings. In many cases agricultural machinery is utilised by common consent, without any society being formally organised. These societies also form a League. The latter employs expert engineers and mechanics giving advice to individual societies.

The Estonian co-operative movement has so far shown a considerable vitality and its development has been vigorous, particularly during the first post-war years. Having solved all pressing problems of organisation, it sees its principal aim not in further expansion, but in strengthening the ideological foundations of what has already been achieved.

LITHUANIA

BY

PROFESSOR PETRAS ŠALČIUS

CO-OPERATION in Lithuania develops under favourable conditions. This is a country where the owners of small and middle farms predominate. According to the agricultural returns of the year 1930, there were 287,380 farms of 1 hectare and upwards on a total land surface of 4·32 million hectares. The farms from 1 to 12 hectares account for 55 per cent. of the total number of farms. In point of area, the farms from 20 to 30 hectares form the largest group, though in number they are only 19 per cent. This subdivision of Lithuanian farms is mostly the fruit of the agrarian reform which came into force when Lithuania received her independence,[1] in the year 1919. During this period, 529,037 hectares of land have been parcelled out for the needs of small land owners and other purposes. This area has been divided into 75,440 allotments, of which 37,723 were holdings of 2–20 hectares for the needs of the rural population having no landed property, while 24,845 allotments consisting of 85,997 hectares have been added to existing small agricultural units. Another characteristic feature of Lithuanian agriculture is the distribution of the villages in single farms. From 1919 until 1935, 101,388 agricultural units, with a total of 1,149,770 hectares of land, have been distributed. Parallel with the distribution of land, drainage operations are being effected. By 1935, 313,353 hectares had been dried out and 5,589 drained.

All these works involved considerable costs both on the part of the Government and of the landowners. Besides,

[1] Lithuania was deprived of her independence in the year 1795, together with her associate, the political union of Poland, both of which were occupied by Russia.

such a reform in agriculture, effected in such proportions, required time before it could affect the productiveness of agriculture and the wealth of the land owners. At present, the agricultural reform is almost complete, and the distribution of single farms, too, is approaching its end. As a result of these reforms, an increased productivity of agriculture is anticipated.

Apart from the influence exercised by the reconstruction of agriculture on the co-operative movement, it has also been profoundly affected, in 1934 and 1935 by the economic depression, and the changes of international trade caused by it, including the economic pressure exercised by Germany in connection with the subversive movement of the national socialists in the district of Klaipėda (Memel), and the measures taken to suppress it. It may also be noted that the price difference between industrial and agricultural produce on September 30, 1935, may be stated as 50·33, taking the index of 1926–29 as 100.

In the year 1935, 1,321 co-operative societies were registered. The most important co-operative societies which have been active and have submitted their annual reports on January 1, 1935, include 221 dairies, 314 credit societies, 184 purchase and sale societies, among which are a number of consumers' agricultural societies. In the first two groups may be noted a considerable decrease as compared with last year, this being due to the fact that bad times have induced several societies to amalgamate.

Co-operative Credit Societies

The grave state of farmers as a result of the low prices for agricultural produce has influenced the state of credit co-operation. Deposits are showing a tendency gradually to decrease, and, on the other hand, it is not easy to induce the farmers to repay their debts. On October 1, 1935, the activity of societies is illustrated by the following figures,[1] given in million Lits.[2]

[1] These figures do not include the credit societies of the Klaipėda district.

[2] One million Lits = £29,240.

	Oct. 1, 1935 (273 *socs.*).	*Jan.* 1, 1935 (264 *socs.*).	*Jan.* 1, 1932 (285 *socs.*).
Loans given	38·96	40·06	40·52
First stock	5·48	5·47	4·79
Reserves	1·26	1·86	1·00
Deposits	17·03	18·65	20·86
Creditors	16·57	15·77	14·36
Total balance	44·80	46·59	47·83

The provision of the necessary funds to credit societies has been concentrated, since 1934, in the Bank of Co-operation, where short-term and long-term credit—up to thirteen years—is granted.

The Co-operative Dairies

The total number of these societies in 1935 shows a decrease of 24, when compared with 1934, as a result of the above-mentioned economic circumstances. The number of the skimming stations, too, shows a decrease from 1825 to 1768. This decrease, however, is of no consequence to production. On the contrary, the production of butter between 1934 and 1935 shows a tendency to increase.

The development of co-operative dairies may be illustrated by the following figures:

	No. of Societies.	*Milk Received in* 1,000 *kgs.*	*Butter Produced in* 1,000 *kgs.*
1923	3	83·0	2·1
1931	273	196,924·2	10,288·9
January 1, 1935	221	261,539·2	10,728·0
September 1, 1935	221	261,539·2	9,516·1

The production of butter in 1935 will be 20–24 per cent. higher than in 1934.

All the co-operative dairies are members of the Union "Pienocentras," which is charged with the marketing of butter produced in co-operative dairies. It also supplies the dairies with the necessary equipment and gives them technical help for their establishment and organisation. "Pienocentras" supplies the population of the Lithuanian towns with milk products, and with this object, has estab-

lished 11 milk shops and two restaurants which, in 1934, did a turnover of 3,162,163 Lits. " Pienocentras " is also charged with the collection of eggs for export from 219 co-operative societies. In 1935 a considerable increase in the export of eggs has taken place. In 1934, 21·7 millions of eggs were collected, while by November 1, 1935, more than 25 million eggs had already been collected. In 1935 " Pienocentras " established a cold store in Kaunas, and is now about to open a central dairy for the purpose of supplying the population of Kaunas with milk products.

In close contact with " Pienocentras " are the Livestock Control Circles (141 circles in 1935) with their Union, whose task is to give instruction in the proper feeding and selection of domestic animals. The circles have 2,810 members with 34,036 cows.

A comparison of the balances of the co-operative societies of 1930 and January 1, 1935, illustrates their financial state. Share and reserve capital in 1930 was 2·05 million which increased to 4·6 million by January 1, 1935, *i.e*, more than double.

Indebtedness has increased during this period from 7·34 million to 11·20 million Lit. About a quarter of the dairies have had to struggle with financial difficulties, owing to the decrease in profits, and a special fund has been established for the purpose of supporting the dairies in need. This fund is constituted by means of a special duty charged on exported butter. The Agricultural Bank also grants certain facilities to the co-operative dairies in need. The Government, too, contributes to maintaining the profitableness of agricultural production by paying the dairies the difference between prices on the world market and those paid by the dairies to their members, whenever these differences become considerable.

Purchase and Sale Co-operative Societies

At the beginning of 1934 there were 184 societies of this kind. They have undertaken the supply to the farmer of his requirements, especially for production; they also help him to sell his produce.

	1934.	1933.
Societies	184	185
Members	26,087	28,700
Stores	284	271
Goods sold	Lits. 37,534,228	Lits. 37,310,000
Capital	Lits. 5,010,468	Lits. 4,100,000

The decrease in the number of members is to be explained (1) by the decreased purchasing power of the farmers (2) by the need for members to take over responsibility for the liabilities of their societies, and (3) by the fact that no difference is made in price between members and non-members, and dividends are very rarely paid. Apart from the above reasons, this fact is also due to a lack of ready money in the pockets of farmers as a result of the reconstruction of Lithuanian agriculture.

The union of Lithuanian agricultural co-operation acts under the name "Lietukis". "Lietukis" supplies its members with goods and buys their produce.

	1935.	1934.
Societies—members	127	140
Capital, in 1,000 Lits.	1,356·8	1,290·0
Goods ,, ,, ,,	4,499·9	2,707·6
Sales ,, ,, ,,	37,616·7	32,063·4

The turnover of goods (1934) was divided as follows: Export of grain, 2·48; sale of grain in the home market, 2·44 million lits; fertilisers, 5·05; colonial produce, coal and other goods, 25·90 million Lits. By November 1, 1935, the turnover of "Lietukis" had reached 37·92 million Lits, *i.e.* more than during the whole of the year 1934. The increase of the turnover may be attributed mainly to the export of grain (11·94 million Lits, about 90,000 tons of rye, wheat, etc.); "Lietukis" is entrusted by Government with the export of grain on a commission basis.

The percentage of national trade in several important articles carried on by "Lietukis" in 1934 was as follows: Fertilisers, 87·78 per cent. (1933, 59 per cent. and 1932, 43·75 per cent.); sugar, 69 per cent.; cement, 32 per cent.; salt, 70 per cent.; coal, 25·4 per cent. The trade in agricultural machinery is almost exclusively in the hands of "Lietukis". In 1934 and 1935, "Lietukis" became con-

cerned in the export of flax to the extent of one-third of the total exports of this product from Lithuania. " Lietukis " is also concerned in some industrial undertakings, possesses a flax-working factory, and, together with other co-operative bodies is an important shareholder in a soap factory.

Agricultural Societies

Among agricultural co-operative societies engaged in helping farmers to raise the productiveness and profitableness of agriculture, there remain to be mentioned some which undertake the application of mechanical power to agriculture on a co-operative basis, by means of machines for cleaning grain and other agricultural produce. There are also cultivating, stock breeding and similar societies.

In 1934 an agricultural union with a special task became active under the name " Sodyba ". It supplies members, which are agricultural societies, with the necessary equipment and seeds for the breeding of poultry and bees, and for the cultivation of trees and vegetables of all kinds. " Sodyba " also undertakes the sale of members' produce, including seeds, honey, fruit, etc. At the end of 1935, ten special societies were members of " Sodyba ".

The foundation of young farmers' clubs for the purpose of raising the cultural standards of the Lithuanian village, which began some time ago, has made great progress. In 1935, there were 703 clubs against 505 in 1934. The number of their members increased from 17,000 in 1934 to 20,210, in 1935. Their main task is to induce young people to take an interest in the agricultural profession and to love it. Out of the above number, 17,325 members have been occupied with the cultivation of vegetables, 2,087 with the breeding of poultry and other domestic animals, 930 have been making experiments with fertilisers, 4,500 undertook the cultivation of trees and other plants. Courses numbering 607 and lasting 2–14 days each, were established for the members of these clubs ; further, there were arranged 477 excursions, and 251 clubs have their own libraries with more than 50,000 books. The clubs are under the protection of the local State schools and the agricultural

instructors. The Chamber of Agriculture undertook the care of these clubs and encourages them in their activity by offering prizes for different enterprises. Such competitions will take place in 1936 for the establishment of small libraries, lecturing, planting, selecting seeds, etc. The clubs have also a recreational side and bands of their own.

The Central Insurance Union, " Kooperacija ", carried on under normal conditions. On January 1, 1935, it had 6,871 members, the majority of whom are farmers or co-operative societies. In 1935, 4,158 policies have been issued, against 4,078 in 1934.

The Lithuanian Co-operative Council, consisting of representatives of the co-operative federations and of some of the more important co-operative societies, also progressed under normal conditions. Thanks to the initiative of the Council, a conference of the Central Co-operative Organisations of the Baltic States (Lithuania, Latvia and Estonia) was held from June 30 to July 1, 1935 in Klaipėda (Memel). In this conference, 10 representatives from Estonia, 12 from Latvia and 14 from Lithuania took part. The main task of the conference was to give exhaustive information about the development of the co-operative movement in the Baltic States during the last ten years. The question of creating some public representation of the co-operative movement was also considered. The conference recognised the necessity of creating such a representation, provided it was in accordance with the principles of the co-operative movement. This collaboration of the co-operative movements of the Baltic States began as early as 1924 at a conference in Riga. Similar conferences were convened in 1928 in Kaunas, in 1929 in Tallinn and in 1933 in Riga.

CZECHOSLOVAKIA

BY
JUDR. F. VAVRA

DURING the past year Czechoslovakia has been the scene of an experiment of uncommon interest in the development of a regulated economy based, at least in the agricultural sphere, on the willing collaboration of a strong co-operative movement. Not only the production of grain and feeding-stuffs is regulated, but the syndicalisation of the milling industry is also introduced, and all these regulations influence our co-operative warehouses, mills and bakeries. A Bill regulating cattle marketing is in preparation, which will practically mean the introduction of a State Cattle Monopoly, the predecessor of which is the present Cattle Syndicate regulating the importation of cattle. As the co-operative storehouses have been the necessary basis for the Grain Monopoly, so there must be some organisation of a co-operative character that will make possible the erection of the State Cattle Monopoly. In this connection there have been founded cattle marketing co-operatives and more are being organised in the form of special sections of co-operative warehouses, with the assistance of the Agricultural Union for Cattle Marketing in Prague and similar unions both in Moravia and Slovakia. The dairy industry is also being regulated by the State (viz. the Bill on Pasteurisation), and a definite solution of the agricultural debts problem is being prepared which will be most important to the agricultural co-operatives, which are big creditors of our farmers.

THE GRAIN MONOPOLY

The grain monopoly is a culmination of the regulation of grain production, the beginning of which was the enforced registration of corn exchange dealings, and which continued

through the intervention in grain marketing of the Centro-kooperativa, by special authorisation of the State, other members of the grain trade, merchants, mills and consumers' co-operatives taking no part therein. As a result of the efforts of these non-agricultural components of the grain business, however, a State grain monopoly has now been created. The object of its foundation has been to secure an equitable and efficacious regulation of the price of cereals as well as of feeding stuffs, with a view to solving two of the most important problems, namely, raising the low level of prices and introducing stability. By means of this latter, it was hoped to remove the dangerous disparity between the agricultural and industrial price index, and to raise the purchasing power of our agricultural inhabitants, whose consumption of agricultural and household requirements (fertilisers, machines, sugar, clothing, etc.) had fallen heavily. By raising the price of imported feeding-stuffs, the low price of which had caused a serious restriction of our own feeding-stuffs (straw, hay, etc.), the growing of cereals might be increased, after having been brought by the low price of feeding-stuffs nearly to a catastrophe. This would also contribute to save cattle production. For these reasons a law was passed in 1934 establishing the State grain monopoly, based on the strong organisation of agricultural co-operative warehouses. Firm prices for cereals as well as for feeding-stuffs were fixed by the Government for the whole year as basic prices plus a transport charge calculated for all Czechoslovakian railway stations in relation to the distance from the natural centres of consumption. The low price level of rye, oats and barley was raised in order to avoid a disproportionate enlargement of acreages under certain crops. The basic prices have been raised between September, 1934, and March 1, 1935, by fixed monthly increments, in order that the usual selling of cereals immediately after harvesting operations might be prevented. For farmers, the introduction of the Grain Monopoly means, among other things, the immense advantage that every farmer knows exactly how much he will be paid for his grain in the course of the whole year. In order that better

and more reliable statistics of acreage sown as well as of yields might be established, a Government survey of the volume of production as well as of the relation of production and consumption was made. Large stocks of cereals were liquidated without any loss, and, finally, commercial policy was readjusted so that the importation of agricultural products against exportation of our industrial products between our Republic and the states of the Little Entente was made possible.

After the experiences of the year 1934, it was found necessary to amend the grain monopoly as follows: Prices remain unchanged; regulation of acreage of cereals has been provided for; a special record called the Grain Book has been introduced in which all commercial operations of farmers and others must be inscribed. The Grain Monopoly is one of the cheapest distributing institutions, its expenses not exceeding 4·3 per cent. to 5·5 per cent. Besides agricultural co-operatives, the members of the Monopoly are merchants and millers as well as consumers' co-operatives. The figures for the commercial activity of the Grain Monopoly for the first period, ending August 31, 1935, show total purchases of cereals amounting to 1,854,286 tons, while the proportion handled by agricultural co-operatives was 63 per cent.

The new Minister of Agriculture, Dr. J. Zadina, referred in a recent speech to the raising of the standard of agricultural life in our country, thanks to the stabilisation of prices effected by the Grain Monopoly. "In agriculture we may state that between agricultural prices and production expenses the disparity has been diminished almost by half (to 32 per cent.) and further, that the purchases of agricultural requirements of our farmers are rising. Purchases of fertilisers have been raised by 10 per cent. as against last year, and purchases of agricultural machines, according to the estimates of the Union of Agricultural Machines Factories, have been raised by 20 per cent. to 25 per cent. According to the reports of the Union of Co-operative Organisations, sales of agricultural requirements, machines, coal, iron products have been raised by 20 per cent. to 25 per cent. and sometimes by 50 per cent.

Further, it may be stated that in the country, new buildings have been undertaken, farmers can better pay off their debts and the small deposits in our rural financial institutions are increasing."

It must be stated that the co-operatives were against the original proposition for a monopoly, but after the monopoly had become a State necessity, everything was done to place the resources of the movement at its disposal. At the same time, the co-operative movement retained its old function of protector and advocate of farmers' interests even in the epoch of regulated economy, so that it still promotes the best possible selling of agricultural produce, regulates payment, secures credit and teaches the best ways of storing and processing crops. Moreover, in other branches of co-operation, although the grain and cattle problems are the principal factors influencing co-operative development, activity is not diminishing; e.g. there is further activity in electricity co-operation.

Position of the Co-operative Movement's Warehouses

As shown above, the agricultural co-operative warehouses hold a leading position in the monopoly. Out of 650 million Kč.[1] invested in 1934 in stocks of grain, 600 million were invested by agricultural co-operative societies organised in the central body, entitled Centrokooperativ, combining twelve co-operative unions. One of the largest, as far as credit co-operation is concerned, is the Central Union of Agricultural Co-operatives at Prague, with its Wholesale Society, Kooperativa. As far as business activity is concerned, the development of the Kooperativa serves as a picture for other unions. Kooperativa, founded in 1925, had at that time sales of 630,000 tons, with a value of over 860 million Kč.. made up as follows:

403,440	tons of	grain	to the value of	489,613,330	Kč.
145,430	,,	feeding-stuffs	,, ,,	110,146,037	,,
4,510	,,	seeds, etc.	,, ,,	15,148,493	,,
167,290	,,	fertilisers	,, ,,	112,875,200	,,
358,240	,,	coal and other materials	,, ,,	38,828,000	,,

[1] 119 Kč. = £1 sterling.

The total sales of 94 co-operative storehouses organised in Kooperativa was, in the year 1933–34, 910,000,000 Kč., an increase of 24 per cent over 1932–33, half of which, namely 500,000,000 Kč., represented the sale of grain. In quantity the sales amounted to 1,190,000 tons, of which 485,350 tons represented grain sales. Some co-operatives have shown an increase of over 100 per cent. as against last year. The membership of these societies on June 30, 1934, was 104,165 as against 100,314 in 1933. Reserve

TOTAL SALES OF THE WHOLESALE ORGANISATIONS OF THE "CENTROKOOPERATIV" IN 1934

Province.	*Name.*	*Tons.*	*Value.*	*Political Party.*
			Kč.	
CZECHOSLOVAKIAN:				
Bohemia .	Kooperativa, Prague	1,099,670	830,713,890	Agrar.
Bohemia .	Agrasol, Prague	334,170	263,213,683	Agrar.
Bohemia .	Farmers' Co-op Union, Prague	67,750	48,751,794	Czech Social
Moravia .	Moragro, Brno	202,410	188,762,590	Agrar.
Moravia .	Jednota (Union), Brno	100,350	83,492,777	Cathol.
Silesia . .	Central Storehouse, Opava	43,780	38,419,849	Agrar.
Slovakia. .	Svaz (Union) Bratislava	77,160	98,317,627	Agrar.
Sub. Russia	Union, Uzhorod	21,660	21,550,694	Agrar.
		1,946,950	1,563,222,904	
GERMAN:				
Bohemia .	Gesellschaft, Prague	129,980	90,073,334	Agrar.
Moravia .	Bezugs-Centrale, Brno	63,490	43,977,421	Agrar.
Silesia . .	Landwirt-Centrale, Opava	60,220	48,881,957	Agrar.
		253,690	182,932,712	
POLISH . .	Ziemia, Tesin	2,610	2,001,806	
	Total	2,203,250	1,748,157,422	

The total turnover is made up as follows:

787,240 tons of grain to the value of 998,855,190 Kč.
134,590 „ „ other produce „ „ 134,158,948 „
1,281,420 „ „ agricultural utensils 625,143,284 „

funds totalled 43,700,000 Kč. and investments 79,859,999 Kč. These 94 co-operatives own 306 grain warehouses altogether. In their own warehouses they are able to store about 175,550 tons of goods; in the hired ones, 67,710 tons. Administrative expenses rose a little as against 1933, usually from 3 per cent. to 8 per cent. Management expenses amounted to 1·6 per cent. and workers salaries to 0·74 per cent. of total sales. There are, further, 41 co-operative mills organised with the Kooperativa, with a capacity of 4,523 quintals in 24 hours and a total capacity of 98,460 tons of grain and 36 co-operative bakeries with a capacity of 65 tons of bread daily.

The position of the twelve co-operative wholesale societies organised in the Centrokooperativ may be seen from the table on the previous page.

Agricultural Credit Co-operatives

These remarkable results of our agricultural co-operative warehouses would not be possible without the collaboration of our Credit Co-operatives. Of the 17,556 co-operatives in the Czechoslovakian Republic on January 1, 1935, 11,415 are organised in the Centrokooperativ, and of these, 4,062 are affiliated to the Central Union of Agricultural Co-operatives at Prague. The development of this Union gives a picture of the development of Czechoslovakian Credit Co-operatives as a whole. Membership at the end of 1934 was:

Societies.	*No.*	*Members.*
Credit	1,946	278,455
Machinery and electricity	1,552	143,235
Warehouses	94	104,165
Co-operative dairies	88	19,094
Co-operative distilleries	121	8,307
Co-operative chicory, mills, potatoes, etc.	71	15,532
Miscellaneous	190	13,493
	4,062	582,281

The main task of the credit co-operatives and their central unions respectively, has been financing purchases of monopoly grain. To this end, the Kooperativa and the affiliated co-operatives were allowed credits by the Central Union

to the amount of 3,310 million Kč. The money turnover of grain warehouses at the Bank Department of the Central Union rose from 2 milliard Kč. in 1933 to 5½ milliard Kč. in 1934. The total turnover in grain mortgages and bills of exchange was 1,300 million Kč.

The number of Kampeličky credit societies remains stationary as, according to a law of 1934, the establishment of new financial enterprises as well as their unions is prohibited till the end of 1936. The internal development of credit societies is uneventful; none of them has liquidated hitherto. According to a law of 1933 a systematisation of the regulations and by-laws of Kampeličky societies has been undertaken. A further law ordered credit societies to deposit 10 per cent. of their increase of deposits with a new Rediscounting Institute, till these deposits reached 5 per cent. of total deposits. The deposits of credit societies with the Central Union up to December 31, 1934, were 2,143,658,000 Kč. while loans were 1,481,746,351 Kč., half of which were for investment purposes. The average rate of interest, regulated by the law of 1933, was 4 per cent. on deposits and on loans under 5½ per cent. The reserve funds of credit societies reached 100 million Kč. and amounted to nearly 5 per cent. of their deposits. Management expenses were 0·24 per cent. of deposits, and other expenses, 0·16 per cent., the credit societies being thus the cheapest financial institutions in the service of the farmers.

The table (on the following page) of agricultural central unions organised with the Centrokooperativ shows the total of co-operatives and their members for 1934, according to provinces and nationalities.

Agricultural consumers' societies, which are well developed in some countries (Switzerland and Hungary) and in our state function successfully in Slovakia, have been given a strong central organisation in Bohemia by the establishment in 1933 of a wholesale society called Druzka. In the first year of its activity the total sales were 41,234,419 Kč. It has 96 affiliated members, 34 of them being at co-operative warehouses, 39 associated with branches of co-operatives and 23 in villages without any co-operative.

Province.	*Name.*	*No. of Societies.*	*Members.*	*Political Party.*
CZECHO-SLOVAKIAN:				
Bohemia	Central Union, Prague	4,062	582,281	Agrar
Bohemia	Union Agric. Co-op., Prague [1]	537	—	Czech. Social
Moravia	Central Fed. Brno	1,273	297,000	Agrar.
Moravia	Central Union, Brno	792	—	Cathol.
Silesia	Union, Opava	212	60,000	Agrar.
Slovakia	Central Co-op Bratislava	1,974	454,463	Agrar.
Sub Russia	Country Co-op Fed Uzhorod	349		Agrar
		9,199	1,393,744	
GERMAN:				
Bohemia	Centralverband, Prague	1,238		Agrar
Moravia	,, Brno	677	335,000	Agrar
Silesia	,, Opava	203		Agrar
		2,118	335,000	
POLISH		98	23,000	
	Total	11,415	1,751,744	

The Czechoslovakian membership is thus about 80 per cent.
,, German ,, ,, ,, 19 ,,
,, Polish ,, ,, ,, 1 ,,

Czechoslovakian agricultural co-operation takes part very extensively in international agricultural co-operative tasks, and was represented at the spring meeting of the International Committee for Inter-Co-operative Relations in April, 1935, at Geneva, and at the Meeting of the International Commission of Agriculture at Brussels in July of the same year, at both of which its representatives took a leading part.

A legal reorganisation of co-operation in Czechoslovakia has been carried out through a law of May, 1935, the old Austrian Law of 1873 being thus superseded. The most important alterations are as follows: (1) Co-operatives are allowed to trade with non-members, and (2) Co-operatives are entitled to develop alongside their main activity, educational, social welfare and similar undertakings.

[1] Membership figures for the smaller Unions refer to 1930.

Co-operative education, the question of young co-operators and co-operative propaganda are not neglected in the present difficult times. The Co-operative High School, founded by the Central Union, continues its work and in 1934 had 32 students. In addition, Czechoslovakian co-operation has this year introduced a very interesting novelty in the form of boards of young co-operators established at the Central Unions. This new idea arose among the German co-operatives. The Board is constituted by 24 members, 11 of whom are young farmers, 10 sons of farmers, 1 farm manager, 1 agricultural teacher and 1 employee of a society. Selection of these young co-operators is made by the following corporations: Central Federation 10, Union of German Agricultural Youth 10 and German Farmers' Union 4. A similar Board has been established at the Central Union of Moravian Agricultural Co-operatives.

The Relation of Agricultural Co-operation to Regulated Economy

How are the tasks of agricultural co-operation performed in an era of regulated economy? Was not co-operation created towards the end of the twentieth century as a protest against the liberalism that established a world grain market of low American, Australian, etc. prices, destroying national European markets? This anarchy caused customs barriers; then came the World War and its liquidation that has shattered world economy through an economic war, which no World Economic Conference could bring to an end. It was necessary to save even national economy, and this is the beginning of regulated economy, which has involved the control of agricultural life through government provisions. The intellectual basis of regulated economy, we claim, is the same as the intellectual basis proclaimed long ago by agricultural co-operation. National economy as a whole must be separated from world economy; the prosperity of agriculture is the aim of policy. Production costs are regarded as the only valid ground for fixing prices which will remain stable. The principles of regulated economy have long been those of agricultural co-operation, which

represents regulated economy in a small but intensive form. It involves duties to members and limits their economic liberty, insisting that they shall not buy their requirements or sell their products otherwise than through the medium of the co-operative. Co-operation, therefore, is entitled to claim the first place in regulated economy. Co-operation is predestined to be a decisive factor in fixing the difference between the purchasing and selling price, as co-operation alone gives a guarantee that this difference will be assessed justly.

As already stated, the relation of agricultural co-operation to regulated economy can only be a positive one. The period of battle against financial and economic usury is being closed after 40 years, and there is a new period of co-operative activity beginning, that of collaboration on important questions of regulated economy. This change in the original destination of co-operation has its origins in general economic causes such as the decline of world population, the replacement of human labour by machines, the political emancipation of labourers who, after the World War, became farmers or independent workers, the political unrest in Europe and elsewhere and the restrictions on emigration, movement of merchandise, capital, etc. Every state looks for a way out of the crisis and applies various methods ; either state socialism, as in Russia, or dictatorship as in Germany and Italy. We believe the best solution has been found by the group of states which have made use of the support of independent economic groups (the United States, England, France). One of the most important of these economic groups is co-operation, and that has become the basis for regulated economy in Czechoslovakia. Regulated economy will be supported by co-operation as long as the principle of individual property and the economic responsibility of every farmer is untouched. Co-operation is the incorporation of economic democracy. The modern slogan " Service " is for co-operation as old as co-operation itself. The service performed by Czechoslovakian co-operation can be seen from the following figures, which give it its proportional place in national economy :

In Credit, among 8,316 institutions, 7,685 (93 per cent.) are co-operative, 5,639, (68 per cent.) of them being Kampeličky credit societies. Out of a total of 52,089 million Kč. deposits, the co-operatives controlled 17,852 million Kč. (34 per cent.). The membership of the Kampeličky societies and the credit institutions in Slovakia amounts to 1,087,349, the majority of them being farmers. In production, business and distribution, there are 7,009 co-operatives, which in forty years have attained the huge membership of 1,675,087. Of these, 567,842 are organised in agricultural, 841,712 in consumers, 107,424 in traders and 158,119 in building co-operatives. The total sales of these 7,009 co-operatives in 1930 was 6,367,877,000 Kč. The logical consequence of this service is that co-operation has become the natural way of organising all economic undertakings of regulated economy, and forms also the best defence against dictatorship.

HUNGARY

BY

DR. JULIUS BERNAT

THE reduction in the purchasing power of the Hungarian agricultural population which has taken place as a result of the world economic crisis may be clearly observed in the fall in turnover of most of the existing agricultural co-operative societies. In spite of this there is no occasion to speak of a collapse of the Hungarian co-operative movement. On the contrary, many things show that, with the object of reorganisation, it has, during the year under review, accomplished some very effective measures which all go to re-establish its position.

First let us take Hangya, the Central Co-operative Producing, Marketing and Consumers' Co-operative Society of the Hungarian Farmers' Union. The turnover in goods of this society showed a remarkable increase during the year under review for the value of goods passing through the Central amounted to 50·63 million pengö [1] as against 43·23 million in the previous year, that is an increase of 17 per cent. A similar remarkable increase must be recorded for the agricultural produce marketed through the Central, 90 per cent. of which comes from small peasant proprietors. Here, the increase was from 3·73 to 5·46 million. But as a result of the reorganisation, made inevitable by economic conditions and involving several writing-off measures, several co-operative departments were unable, in spite of the increase in turnover, to make any distribution of profit. After the above-mentioned writing-off of values, the balance sheet of 1934 showed a loss of 1·24 million pengö as against a profit of 19·102 in 1933. At the end of the business year there were 1,527 member

[1] £1 = 28 gold pengö.

societies affiliated to the Central as against 1,541 in 1933. The reduction in the number of member societies may be accounted for when it is remembered that there are many cases of amalgamation rather than of the complete cessation of the activity of the co-operative society in question.

In order to alleviate to some extent the damage which the co-operative movement had suffered as a result of the war and the inflation, the Government, during the year under review, took legal powers to place at the disposal of the movement Treasury Bills of a nominal value of 5 million pengö bearing interest at 5 per cent. to be used as a reserve by the Central.

At the end of 1934 the share capital of the Central Agricultural Credit Bank amounted to 20·55 million pengö (20·88 at the end of 1933). Of this, the contribution of the foundation members amounted to 16·83 million pengö (17·17 in 1933), and the contribution of the ordinary members to 3·71 million pengö (3·71 in 1933). At the end of 1934, 1,007 credit societies were affiliated to the Central Bank (1,014 in 1933), which included 2,639 out of the 3,433 parishes of the present reduced Hungarian territory. The membership of the affiliated societies amounted to 372,800 (373,043 in 1933), while the six agricultural district credit banks, founded for medium and large landowners, had a membership of 4,780. The nominal value of their subscribed share capital amounted to 29·41 million pengö (30·68 in 1933), and their deposits to 29·00 million pengö (25·85 in 1933). The figures for 1934, like those given in previous editions of the *Year Book*, must be regarded as provisional. The total credit advanced to the member societies at the end of the year under review amounted to 148·35 million pengö (148·78 million in 1933), and the total advances made by the member societies amounted to 206·37 million pengö (217·29 million in 1933). There were affiliated to the central institution at the end of 1934, 15 land workers co-operative societies (15 in 1933), with a membership of 3,500 (3,408 in 1933), and a total working capital of 1·49 million pengö, and associated with 40 credit societies (45 in 1933) there were 49 (50 in 1933) tenancy societies con-

trolling an area of 2,800 joch [1] (28,607 in 1933) with 6,400 members (6,410 in 1933).

The Co-operative Building Society for Small Rural Dwellings gave credit to the value of 835,250 pengö (1,165,180 in 1933) in the year under review. The total credit granted to applicants since the date of its formation amounts to 53·15 million pengö. The society had in the year 1934 a turnover in building materials amounting to 559,014 pengö (569,030 in 1933). The number of milk societies affiliated to the Hungarian National Milk Co-operative Centre had reached 427 by the end of 1934 (389 in 1933). The turnover of the centre amounted to 82 million litre (69·5 in 1933). Butter export also increased and amounted to 1·92 million kgs. as against 1·80 in the previous year. The Agricultural Insurance Co-operative maintained its position during the year. Its share capital of 1·55 million pengö has not altered since the previous year. The premiums received amounted to 7·10 million pengö (6·81 in 1933).

As the order concerning agricultural debts in the year 1933 (described in the *Year Book*, 1935) expired at the end of October, 1935, a new Order was passed in the form of a further development of the existing measures. This granted to the agriculturists a further reduction of interest in connection with the lowering of the discount rates of the National Bank which took place at the end of August. " Protected " [2] owners received a reduction of interest from 4 per cent. to $3\frac{1}{2}$ per cent. ; in the case of " unprotected " agricultural debtors, the rate of interest on short-term debts which had been up till then fixed (with the help of State contributions) at $5\frac{1}{2}$ per cent., was reduced to 5 per cent. The groups brought within the scope of the new regulations were the small peasant holdings up to 20 joch, the landowners holding between 20 and 1,000 joch and the large properties above this limit, each of which were handled separately.

Under the new Order, the relief which up till now has only been available for holders of less than 10 joch, will

[1] 1 Joch = 1·422 acres.

[2] See *Year Book*, 1935, for the status of " protected " debtors.

now be available for holders of between 10 and 20 joch, who will be enabled to meet the demands of the financial institution both in cash and through the taking over of debts. For the group of holdings below 10 joch, an important step towards debt regulation has been taken through the conversion of the short term debts within the forty-fold limit into a debt repayable over fifty years. Debtors holding these consolidation bonds have a $4\frac{1}{2}$ per cent. annual instalment to discharge. These bonds are issued by the Hungarian Finance Syndicate on the basis of a cession of the claims which form the basis of the issue. The capital of the syndicate amounts to 5 million pengö derived from means placed at its disposal by the National Bank. In addition, a Guarantee Fund of 6 million pengö has been created for the service of the bonds issued. The State makes an additional contribution of $2\frac{1}{4}$ per cent.

For properties up to 1,000 joch it has been decided to relieve all debts above the defined limit of forty times the assumed net income of the land. In these cases, payment will be made in the form of an annuity and will be taken over by the State. (For the group of holdings under 20 joch this general relief is only applied in the case of sums owing otherwise than to financial institutions.) Debts which are to be spread over forty years with annual repayments of 3 per cent. are, however, graded according to the degree in which they exceed the normal limit of indebtedness. An indebtedness between 40 and 60 times the assumed income is not charged at the full amount. A reduction to 10 per cent. is made on debts exceeding the 100-fold limit and those beyond the 200-fold limit are not recorded. It is of fundamental importance that in this reduction of capital, which cuts across the status of existing loans, the establishment of a normal limit of indebtedness should be subject to an examination at the application of the creditor if, as often happens, the estimate of capacity to pay is calculated on the basis of assumed income derived from present conditions. Such provisions for the determination of the exact capacity to pay are, however, only applicable to holdings of over 20 joch. Debts above the normal limit amount to about

300 million pengö. The annuities have been based on an assumed total indebtedness of about 150 million pengö, arrived at by a sort of general equalisation, the funds required for this transaction being about 4·5 million pengö. The debt of 150 million pengö will form a government book debt, the State retaining the right, after a period of three years, and provided that the position of agriculture has improved, to demand cover for the guaranteed instalments from the original debtors.

For large properties of over 1,000 joch it has been decided that the individual treatment of debtors should obtain and a solution will be found by way of arrangement with creditors or transfer of property. In this respect the Order only makes an outline of general provisions. A Commission consisting of representatives of debtors and creditors is set up to undertake the regulation of some 200 " protected " large properties (with an area of about 480,000 joch). These will be examined and when the result of the examination is known, standards and limits will be laid down within which a solution may be found. The institution of " protected " properties will be extended for another two years apart from the management of consolidated debts.

Finally, we must note in the domain of legislation, a new Law for the promotion of co-operation, passed in 1934. This law, aiming at the promotion and strengthening of the producing, marketing and consumers co-operative movement, empowered the Government to place at the disposal of societies formed for this purpose, a sum of 11·6 million pengö. Since this Law came into force the societies in question have carried through a number of reforms in the direction of increased business efficiency ; amongst them may be mentioned the agreement reached between the Central Co-operative, Hangya, and the Civil Servants Co-operative Society, with the object of arranging joint wholesale purchases.

BULGARIA

BY
DR. B. YANTCHOULEFF

THE Bulgarian co-operative movement has behind it perhaps the most agitated year of its development. The trials and ordeals of co-operation have been due principally to the introduction of a new legal system for supervision and for the granting of credits to co-operative organisations and to the amalgamation of the two State banks—the Agricultural Bank of Bulgaria and the Central Co-operative Bank of Bulgaria—into a new State bank, the Agricultural and Co-operative Bank of Bulgaria, which has been active since November, 1934.

In order to understand the present position of the co-operative movement and the attitude taken up in relation to it by the Agricultural and Co-operative Bank, it is necessary to indicate the principal periods of activity of the Agricultural Bank and the Central Co-operative Bank, which have played an essential part in the development of Bulgarian co-operation. Although the first co-operative efforts in our country, dating from 1890, were due to individuals, their development, and especially that of the agricultural societies, was, in great part, the work of the Agricultural Bank of Bulgaria, and it is important to clarify the relations of this bank with the co-operative movement as well as those of the Central Bank of Bulgaria after its foundation in 1910.

The old Agricultural Bank was, in its origin, a typical Bulgarian banking institution. It was founded in 1903 by the amalgamation and reorganisation of the Banks for Mutual Aid which had been running since 1864. Their capital had been formed by contributions in kind, consisting of deposits of grain, and for this purpose the banks had from the first been provided with local warehouses and

the grain placed there had been used for the mutual aid of populations in need in cases of famine or bad harvest. These banks made a beginning in granting personal credits against pledge and since 1903 they have acted as branches of the Agricultural Bank of Bulgaria. Consequently, the Agricultural Bank is, at bottom, and by origin, a co-operative institution.

As small peasant holdings predominate in Bulgaria, the average extent of rural holdings being not more than 5 hectares, and as popular education in the country has not reached a very high standard, the Agricultural Bank of Bulgaria was itself obliged to promote the formation of agricultural co-operative societies. The directors of the Bank set before them two definite objectives : (1) to finance small agricultural owners in order to make it possible for them to purchase their land ; (2) to combat usury, which rages in its most acute forms. After the liberation of Bulgaria, in 1879, the best arable land was in the possession of beys, feudal representatives of the conquering Turkish race. As the Bulgarian peasant had not enough arable land for his own use, and as he was not as a rule in a position to buy back the lands belonging to Turkish absentees, the big agricultural properties passed into the hands of local capitalists and usurers, while the rural population plunged into a welter of debt in order to acquire a few scraps of land. This method of distributing arable land to the rural population resulted in a load of debt and a great development of usury, so that cases of loans at an annual rate of 30 per cent. were not uncommon. The Agricultural Bank has rendered inestimable service in granting the necessary credits for land distribution and in struggling against usury.

The co-operative societies which developed through the care of the bank and in collaboration with it, were used by the State, after the World War, as a basis for the establishment of a grain monopoly, " Consortium ", the principal object of which was to fight against speculation. But the relations between the Agricultural Bank and the General Union of Bulgarian Agricultural Co-operative Societies, did not develop in an altogether satisfactory manner. The

Agricultural Bank refused to allow the Union to extend its functions in the same way as had been done by the urban unions which had been formed in connection with the Central Co-operative Bank. The Agricultural Bank had maintained, in virtue of Article 6 of its Foundation Law, direct contact with the agricultural societies and their management.

Nevertheless, although a well-trained personnel was lacking for the management of rural co-operative societies, and in spite of unfavourable conditions, including several wars, important results had been achieved both in the increase of the share capital of societies, the formation of consumers' stores in connection with them, and the introduction of supply and marketing in common. This, in broad outline, had been the work of the Agricultural Bank as far as the agricultural societies were concerned, up to the moment when amalgamation with the Central Co-operative Bank took place.

The other institution which constitutes an integral part of the new State Bank, is the Central Co-operative Bank of Bulgaria. The objects for which this Bank was established included not only encouragement in the formation of co-operative societies, but also assistance in the development of their unions, to which the Bank was obliged to grant special rights as centres for credit distribution and auditing. All co-operative societies went through the troubled war period up to 1921 under the umbrella of the Central Co-operative Bank, but at that point, the agricultural societies were made dependent on the Agricultural Bank, while the Central Co-operative Bank devoted all its attention to the urban co-operative movement. At the same time, the co-operative societies, represented by their respective unions, played a part in the activity and management of the bank. This system of the Central Co-operative Bank attained very important results throughout the post-war period up to the end of 1934, and it was during these years that the urban co-operative movement became powerful. Credit societies in particular, of the Schulze-Delitzsch type, and bearing a resemblance to the Italian Peoples' Banks,

founded by Luizzati, made brilliant progress in Bulgaria and became the type of credit institution most favoured by the town population. Private banks undertook for choice large-scale credit operations for industry, wholesale trade, export and import. Smaller credits were obtained mainly from the Peoples' Banks.

Town consumers' co-operatives have formed out of their own resources a strong organisation, and although they are still few in number, they have their own central body, " Napred ", which is well organised and financially stable. We must also put to the credit of the Central Co-operative Bank, the formation of an artisans' institution for the organisation of co-operative societies among Bulgarian artisans.

These, in broad outline, are the objects and the results achieved by the two great institutions, and they clearly show the importance and the position in national economy of the new institution, the Agricultural and Co-operative Bank of Bulgaria, which has resulted from their amalgamation. According to Article 3 of its foundation Law, " the object of the Bank is to assist and to contribute to the development of agriculture, trades, labour and all other forms of economic activity and in particular to favour the prosperity and progress of small and medium properties and enterprises, preferably organised in co-operative societies and also to facilitate the exchange of the products of their economic activity. It organises insurance societies, exercising this function in virtue of special laws, and supervises their normal development. The supervision and management of all the co-operative societies in the country has also devolved upon the Agricultural and Co-operative Bank in so far as they are outside the jurisdiction of the courts."

The capital of the newly formed Bank is 874 million leva and its reserve funds amount to 179 million leva. The total advances of the bank in the form of credits of various types granted to individuals, co-operative organisations, municipalities and the State, amount to 6,355 million leva. Figures relating to the co-operative distribution of credits by the bank show the state and development of

different types of society as well as the efforts made by the bank to assist the different branches of agriculture which form the object of its care and activity. Of the total sum advanced by the Agricultural and Co-operative Bank, amounting to 2,649 million leva, 33 per cent. are lent to agricultural co-operatives, 17 per cent. to co-operatives producing tobacco, 20 per cent. to organisations producing motive power (the greater part of this sum has been advanced to the centre for electrical power production, "Vatcha") and 7 per cent. in the General Union of Bulgarian Agricultural Co-operatives. As a result, about 57 per cent. of these advances are received by agricultural societies and their unions, and if irrigation societies are recognised as co-operative improvement societies, the total will amount to 77 per cent. To the urban co-operative movement, already sufficiently provided with funds, only relatively small advances have been made. Only $7\frac{1}{2}$ per cent. of the advances of the Agricultural and Co-operative Bank have been made to Peoples Banks and Banks for Mutual Aid, less than 1 per cent. to consumers' societies and about 3 per cent. to artisans' societies.

The position of the Bulgarian agricultural societies at the end of 1934 may be set out as follows: We have precise information concerning 1,667 agricultural societies. Their share capital amounts to 614 million leva, and their reserve funds to 255 million leva. In addition to their own capital, they have been able to attract deposits to a value of 534 million leva and to make loans and advances amounting to 1,088 million leva. The increase in the capital owned by the members of agricultural societies is very satisfactory, especially if we take into consideration how difficult is the economic position of the Bulgarian village. Part of the payments intended for the increase of the share capital of societies are, in fact, made in kind at the moment of threshing grain. In carrying on their service of loans and deposits, the agricultural societies have to struggle perpetually against the low price for agricultural produce. According to the new plan of action, the unfreezing and regularisation of agricultural co-operative credit will only

come after the introduction of new economic measures such as joint sale of agricultural products and the joint provision of consumers' stores attached to agricultural co-operative societies.

A number of conditions exist which are favourable to the development of the agricultural co-operative movement in Bulgaria, a choice of suitable personnel, its stabilisation and adequate remuneration being amongst the most important. Such conditions should be utilised and the present directors of the Agricultural and Co-operative Bank are devoting much attention to them.

Amongst agricultural proprietors we must point to a small group who have devoted themselves to some special economic activity. In this group the first place is taken by the 35 tobacco producing societies with a membership of 15,138, a share capital of 16 million leva, reserve funds of 14 million leva and various other funds also amounting to 14 million leva. These figures will give little idea of the true importance of the tobacco producing societies which deal with one of the principal products of Bulgarian agriculture which is also the object of export and stock exchange operations. The fall in the price of tobacco, as well as certain investments of credit which have been insufficiently studied, have embarrassed the tobacco producing societies in which, since the rapid extension of their activities in recent years, the Agricultural and Co-operative Bank has placed large credits.

Workers' forestry co-operatives, numbering 100, and organised by the Workers' Forestry Union, are still in course of formation, but they would seem to have a good chance of developing and prospering in the future. They have survived a period of adaptation in the system for the economic exploitation of forests and represent today a solid guarantee for the rational use of our forest wealth, while providing work for the population of the forests.

Dairy societies function either as independent organisations or as sections of agricultural societies. Their technique remains primitive. The quality of their produce is quite unstandardised. It remains to be decided whether

the co-operative dairy will make more progress as a section of the General Agricultural Co-operative Society, or whether it should be separately organised. Co-operative stock breeding has become in the last few years of increasing importance on account of the condition of foreign markets and the measures taken by the Government to create conditions favourable to the intensive development of stock raising.

There are also in Bulgaria 19 co-operative wine societies with the object of producing superior wine from first quality grapes supplied to them from local vineyards. The fall in the price of wine and the investment of considerable resources in the construction of modern plant hinder the development of the wine societies. Now the Agricultural and Co-operative Bank has itself opened wine cellars and has begun, at the decision of the Government, to buy back the cellars of the local wine societies. The bank is not undertaking this enterprise in order to find outlets for its funds, nor with the object of itself drawing profit from the exploitation of wine cellars, but solely in order to encourage the production of good wines, to store them, and to create wines of superior reputation.

The relatively rapid expansion of co-operative credit societies, both in the towns and villages of Bulgaria as compared with consumers' societies and societies for joint supply and demand, is due to certain objective causes. Bulgaria, by its economic and social structure, is a country in which the middle class predominates. A majority of the representatives of this class who wish to raise themselves to independent positions need credits in order to extend and maintain their agricultural undertakings or workshops, or they want to build houses for themselves. On the other hand, the slight development of the towns and the absence of numerous industrial undertakings do not favour the expansion of consumers' societies. The urban co-operative movement is represented by a smaller number of societies than the rural movement, but in compensation, these societies are better run, financially more stable and have at their disposal distinctly greater resources than the agricultural societies.

In June, 1935, the Peoples' Banks, co-operatives of the Schulze-Delitszch type, numbered 287, with a share capital of 658 million leva, reserves of 314 million leva, and funds contributed by members amounting in all, to 973 million leva. They received deposits amounting to 2 milliard leva and made advances to a value of 2,764 million leva. These banks are organised in two Unions, the Union of Peoples' Banks and the Union of Peoples' Co-operative Banks.

The consumers' co-operative societies, organised in the Central Union, " Napred ", number 56 with 62,567 individual members, 32 million leva owned capital and 60 million leva deposits. The Central Union has a capital of 10 million leva and various funds amounting to 27 million leva. Although they have not developed so widely as the credit societies, the consumers' co-operative societies, thanks to their steady progress, have reached a satisfactory position in the town co-operative movement. The Central " Napred " has been able to take in hand and organise the distribution of something like 25 per cent. of the total consumption in sugar of the country and of an important part of the consumption of rice and vegetable fats.

The co-operative movement amongst artisans has spread considerably during the last few years in the form of organisations for joint supply and marketing. Amongst these societies, financed and controlled by the Agricultural and Co-operative Bank, precise particulars on 61 show that the resources which they control in the form of shares and other funds, amount to 195 million leva, while their borrowings only amount to 26 million leva. The position of artisans' societies for production is less satisfactory, and our principal hopes are founded on the organisation of the various classes of artisans, so that while they retain their individual independence and personal responsibility for their work, they are able to enjoy all the advantages of a co-operative supply of raw materials and so far as possible co-operative sale of the product.

The year 1930 brought many trials to the credit societies, through which they passed with credit. During the years 1933 and 1934, the movement was undergoing a general

adaptation to new conditions. Towards the middle of 1934 and still more towards the middle of 1935, a new creative initiative was beginning to appear. The month which came immediately after the fusion of the two banks was characterised by special tendencies in co-operative policy which restricted the autonomy of societies by means of legislative and administrative measures. Now the new management of the Agricultural and Co-operative Bank, with the Governor of the Bank, Mr. R. Vassileff at its head, has re-established the autonomy of the General union of Agricultural Co-operative Societies and respects the interests and the points of view of the Unions and Central Co-operative bodies on important questions of co-operative and credit policy. Amendments of the law governing the Agricultural and Co-operative Bank are in contemplation, having as their object to grant their full autonomy once again to the co-operative societies and to democratise the management of the Bank by creating, side by side, with it, a Co-operative Economic Council and a General Co-operative Congress.

GREECE

BY

M. K. GERAKARIS

IT was towards the end of 1914 that the Greek Government passed the first law which provided for the formation of co-operatives of a specific type, not differing from that generally accepted in Western Europe and especially in Germany.

At that time there were in Greece a few groups of co-operative individuals whose collaboration had something of the nature of co-operatives, since it aimed at that mutual benefit which is the object of co-operation and used similar methods. These groups were formed at the initiative of a few picked friends of the co-operative movement and were an imitation of those of Western Europe. In default, however of a special law properly regulating matters connected with their organisation and function, these groups never had a specific form and acted at one time as associations and at another as purely commercial unions which, of course greatly impeded their growth and spread.

If we turn our attention to history for a while, we see that the idea of the co-operation of individuals for the common benefit was not unknown in ancient Greek times. The sea enterprises, for example, were, as a rule, carried on as co-operative enterprises,[1] and the communal activities were often identified with trade-unionism in its present-day

[1] Shipping enterprises (both in carrying and trading goods) were carried on as follows: The crew, over and above their regular wages (which were barely enough for the living expenses of the sailor and his family) received also a share of the net profit of each enterprise. The net profits were divided up and apportioned between (1) the capital (cost of the ship, both hull and rigging, in the purchase of which even the sailors could invest their savings), (2) the captain, and (3) the crew.

form.[1] The confusion that reigned about their objects and the methods to be used for their realisation, was so great in certain instances, that neither then nor now is it easy to make sure whether their primary character was to promote the interests of the community or of individuals. The well-known co-operative organisation of the village of Ambelakia in Thessaly (1788–1811) for instance, bears such a striking resemblance to the co-operatives of the present day, that it would be no exaggeration to call it the first co-operative ever formed. The reason why such cases have not been repeated before or after the short-lived case of Ambelakia, must be looked for in the fact that, during the period of subjection to the Turks, the Greek nation was subjected to the most crushing taxation on the one hand, and on the other, that it devoted all its material and moral forces to the preparation of the War of Independence. With regard to the period which began with the liberation of the Greek nation, it must be emphasised that foreigners, called to draw up and organise the new state, instead of studying the traditions, customs and uses of the nation and reviving them, completely ignored them, and in some cases went so far as to suppress them. Thus they put up a State based on institutions that have nothing to do with the local uses.

It was only after the lapse of three-quarters of a century that the movement was started for relinking with the past,

[1] The communities in Greece functioned as follows : The development of the spirit of family co-operation and solidarity was not limited to the personal shipping enterprises, about which mention has already been made above, but extended to various other forms of exploitation (cattle raising, agriculture, etc.) immediately connected with the life conditions of the working population and influencing in a roundabout way the financial condition of the individual (regulation of the relations of the various branches of production or of taxation problems, etc.).

This multilateral application of the spirit of the family co-operation and solidarity was continually complicating and tightening the bonds of family life, to the extent that, investigation into the safest financial and moral evolution of each one of the members and of his ultimate fate were naturally considered as being of common interest to all of them.

an enterprise taken up by Greeks it is true, but on the basis of imported models. It was thus that the first communal law was passed in 1912 and was followed, two years later, by the first co-operative law.

The author of this latter law has been exceptionally earnest in granting to co-operatives all sorts of immunities and privileges, making a public charge of all expenses connected with their propaganda, awarding of prizes and providing for the free distribution of literature. He has further made a severely punishable offence of any attempt on the part of merchants, employers or capitalists to compel or entice a member of a co-operative to withdraw from it or cause any damage to it.[1] He has also been very liberal in (*a*) permitting to the co-operatives all activities except human life insurance (but permitting employees' accident insurance), (*b*) providing that seven persons can form a co-operative, and (*c*) excluding non-members from receiving assistance from the co-operatives. The only rights reserved to the State are the approval of its by-laws (the law provides that this can be also done by a Justice of the Peace) and the inspection and auditing of its books. It seems, however, that the legislator did not mean to organise a permanent service for the inspection of books, because he provides that only five employees shall be assigned to this work.

During the twenty-five years that have elapsed since this law has been passed, it has undergone several changes, partly affecting the very principles which had inspired the legislator at the beginning of the movement. Ten laws directly amending the original law and an equal number of laws touching it in an indirect way have been passed during the last twenty years. The amendments to the original law made clear that the interest of the State in co-operatives was continually growing, although it was not symmetrical with their growth. The inspection of the working of co-operatives was also made more stringent. At the

[1] This provision has been considered by Charles Gide as unique in the world. (Ch. Gide, *La Cooperation dans les pays Latins*, p. 262.)

same time began the organisation of compulsory co-operatives, which have had an important influence on the co-operative movement. The formation of this kind of co-operative gradually became so significant that four laws, providing for the birth of four different kinds of compulsory co-operative, have had to be passed during the last five years.

The writer of the present short article does not intend to go into a detailed description of all the direct and indirect changes brought to the original law by the laws passed during the last twenty years. We will therefore limit ourselves to the investigation of the following three subjects :

(*a*) Present-day limitations placed on co-operatives in connection with their objects.
(*b*) Nature and extent of inspection over the co-operatives and their supervision, carried out by the present-day State or authorised by it.
(*c*) Privileges and immunities now enjoyed by the co-operatives.

As mentioned above, the first co-operative law placed no limit on the aims of co-operatives, excluding only human life insurance. The amendments made in this respect by subsequent laws are very interesting both for their wide scope and for their diversity in each case. It must be noted that in each case of change in the aims of the co-operative, a provision was made that the special co-operatives thus created and their foundation and functioning, differed more or less from those of the common type of voluntary co-operatives. Thus they provide that a certain purpose may be served only by compulsory co-operation, in special societies, of persons related by rights *in rem.* Exception is made in cases in which they renounce all such rights. Compulsory co-operation for certain other purposes has been provided in such a way that members may not at the same time pursue the same objects through voluntary co-operatives. In other cases, however, this is not excluded. In other cases again, compulsory co-operation has been

provided only for the recalcitrant minority, while in others, compulsion is general. Sometimes compulsory co-operation is effective only within a certain territory outside of which the members are not expected to co-operate. In other cases it is provided that compulsory co-operatives shall be constituted so as to form public corporations. These co-operatives may also take up Government functions. In the case of certain compulsory co-operatives again, Government employees have to take part in their administration or inspection, while in others, Government employees participate both in their administration and their inspection. Of course, there are still co-operatives in which Government employees have no right of interference, and others which have simply to prepare their by-laws and have them approved by the Ministry of Agriculture. Others again are governed by special rules of law which affect the rights *in rem* and *in personam*, or the liabilities of the members of the co-operative. Special co-operatives for the constitution of which special laws have been passed, are sometimes but not always allowed to extend their activities to objects not included in their statutes. Lastly, we note that the legislator excluded absolutely the meddling of co-operatives in political party affairs and provided that should a co-operative transgress this law, it should immediately cease to exist.

The aims to be served by co-operatives of such diversified forms as those mentioned above, may be classified in the following categories :

(*a*) Farm settlers co-operatives. Farmers are settled either on public or on expropriated land.
(*b*) Producers' co-operatives for pooling, processing and marketing.
(*c*) Land improvement co-operatives.
(*d*) Co-operatives having as aim the common exploitation of land, forest or pasture, being the common property of their members.
(*e*) Farm risks insurance co-operatives.
(*f*) Agricultural credit co-operatives.

We believe it would be interesting to mention the most

characteristic provisions adopted in connection with these categories.

(*a*) *Farm Settlers Co-operatives.*—Co-operatives with this aim are built on the compulsory membership of all those who have permanent use of a specified piece of land or have been given a right to the use of such land by special settlement law. Should they not consent, the right to the use of the land or to the new settlement is lost. The main object of these co-operatives is to facilitate the payment of the value of the land by instalments, and they cannot be dissolved before payment is complete. Co-operatives of this character may include other aims, providing their by-laws are so amended. Furthermore, they may undertake land improvement works to be done by the compulsory personal labour of their members. The State exerts such a close control over these co-operatives that the election of a supervisory committee by the members is not required by law.

(*b*) *Pooling, Processing and Marketing Producers Co-operatives.*—To this category of co-operatives belong: (1) The Cretan Citrus Growers Associations and their Union. All citrus growers (both owners of citrus-trees and lease-holders) in the Island of Crete collaborate compulsorily in these co-operatives. Their voting rights are proportionate to their production, but never surpass ten votes in local associations and 15 in the Union of Associations. Two representatives of the Ministry of Agriculture and one of the Agricultural Bank of Greece co-operate in their administration, while a magistrate collaborates with their Board of Inspectors. Each producer is expected, under a rigorous penal sanction, to deliver his entire production to the co-operative. The Union of the Cretan Citrus Growers Associations has the monopoly of the exportation of citrus from the island.

(2) The Samos Vine Growers Associations, the Levkas Vine Growers Associations and their Unions, those of Attica and Boeotia with their *sui generis* organisation called " Board for the Protection of the Vine Growers of Attica and Boeotia ", which, practically, holds the place of a Union

of Associations, and, lastly, the co-operatives of Khalkis and its environs.

The collaboration of all vine-growers in these co-operatives is compulsory, no matter whether they are owners or leaseholders of vineyards. Their voting rights are proportional to their production but never exceeds the four votes for each grower-member. No non-member can participate in the Administration Board and the Board of Control of the Levkas Vine Growers Associations and their Unions or of the Khalkis Vine Growers Associations. On the contrary, the Board of Administration of the Samos Vine Growers Associations is composed of six members elected by the associations, two Government employees and the director of the local branch office of the Agricultural Bank of Greece. The Board of Control of this same organisation is composed of three members elected by the Associations, one magistrate and the local assessor. The Board of Administration of the Board for the Protection of the Vine Growers of Attica and Boeotia comprises a representative of the State Agricultural Office, while its Board of Control is composed of eight Government or bank employees and two representatives of the Associations.

Excepting the Association of Khalkis, which only enjoys certain tax immunities, all the other compulsory co-operatives of vine-growers have quite considerable revenues from taxes directly collected by them. The delivery of the entire production to the co-operatives is compulsory only in the case of the Samos Vine Growers Associations, while in all the other cases, with the exception of the Levkas Vine Growers Associations, in which growers are not expected to deliver their production to the association, it is compulsory only for part of the production. The wines of the vine-growers of Attica and Boeotia are preferred for all export to other countries, made on a basis of exchange with other products.

Lastly, we must mention the organisation of the wine-makers of Crete, a peculiar institution of the nature of a public corporation, which handles, technically and commercially, the wine production of the voluntary co-opera-

tives of the wine-makers of Crete and their Unions. A special tax is collected in favour of this organisation, intended to be used, alongside the Government subsidy, for the creation of wine factories which, when completed, will be turned over to the co-operatives.

(*c*) *Land Improvement Co-operatives.*—To this category belong (1) The compulsory co-operatives having as their aim land improvement work of common benefit. The formation of such compulsory co-operatives (in this case they become public corporations) is possible on the application of a majority (who in no case can be less than seven persons) of the property owners in the case of a work for which only a limited number of persons are interested, or by two-fifths of the property owners in the case of a work for which the interest is wider and more general. The collaboration of the property-owners concerned in these co-operatives is compulsory. The control of these co-operatives from the technical, administrative and financial points of view is carried on by local committees composed of Government employees. All kinds of real property can be expropriated in favour of these co-operatives, and special taxes can be imposed for their benefit. Loans may be contracted by them on mortgage of the land under improvement.

(2) Compulsory co-operatives for the grafting of barren trees. As the title of these co-operatives implies, their aim is to render possible the grafting of barren trees which might in this way increase the revenue of the owners. If 50 per cent. of those inhabitants of a community who own land planted with wild trees capable of being grafted and not exceeding 500 stremas (about 115 acres) in area, apply for the formation of a co-operative for that purpose, the collaboration of all the other inhabitants concerned is compulsory. Each member has one vote and is expected to graft each year one-fifth of his fruitless trees; otherwise, he is heavily fined. The co-operative is required, further, to conform with the instructions received from the Government Offices of Forestry and Agriculture.

(3) Compulsory co-operatives for the embellishment of watering places and summer and winter resorts. The co-

operatives of this character are authorised by special decrees ; they are public corporations for the general benefit and their property, when dissolved, becomes the property of the community. Besides the regular contributions of the members of the co-operative, special levies may, by decree, be authorised on train or other tickets and on visitors. The co-operatives may also undertake State or communal functions and works. The decree that authorises its formation has to enumerate the categories of membership, whereupon the President of the Community draws up the list of the persons whose collaboration is compulsory.

(*d*) *Co-operatives having as aim the common exploitation of land, forest or pasture, being the common property of their members.*—To render easy the exploitation of forest lands or of pasture belonging to a group of persons, the law permits the formation of compulsory co-operatives by a majority of the co-proprietors, as long as their share represents one-third of the total property, and their number is not less than seven members. The collaboration of the minority is compulsory. The number of votes to which each member is entitled is proportional to his share in the property, under no circumstances exceeding five. No member of the co-operative can resign or be expelled as long as he has not lost his right in his share of land. These co-operatives may have other secondary aims.

In this type of compulsory co-operative, we have to notice that, in the case of the exploitation of common pasture, the net profits may be used for work of common use and benefit and may in no case be distributed. Co-operatives which aim at the exploitation of a common forest must previously submit their plans to the Bureau of Forestry.

(*e*) *Farm risks insurance co-operatives.*—The insurance of risks of every kind to personal and landed property used in agriculture or to farm products (risks of animal casualties, fire, hail, frost, floods and other calamities) may be taken up by voluntary co-operatives, their by-laws being previously approved by the Ministry of Agriculture.

(*f*) *Agricultural Credit Co-operatives.*—A voluntary co-operative may be formed to secure and grant loans to its

members by the aggregate mortage of their landed property. Special rules of law govern the relations and responsibilities of the members.

With regard to the nature and extent of the State control of co-operatives, we may point out that Greek law provides that all the activities of the Administrative Boards are subject to the inspection and control of auditors appointed by the Government or authorised by it. The jurisdiction of the former is prescribed by the by-laws of the co-operatives, excepting certain points, provision for which is made by law; the jurisdiction of the Government auditors is prescribed by law. As an exception to the above general rule, the control of the compulsory co-operatives through their own members appointed for this purpose, is carried out by these in collaboration with Government employees, and sometimes undertaken by these latter alone.

Control over voluntary co-operatives conducted by Government employees or by those authorised by it consist in:

(1) Seeing that they are operated in accordance with their by-laws and within the limits of the law, taking measures for the punishment of every transgression or neglect of the law and of the duties imposed upon the Board of Administration; (2) auditing their transactions; (3) taking part in the meetings of the General Assembly and of the Board of Administration with the right of expressing their opinion but with no right to vote; (4) appealing to the Government authorities or the Courts of Justice to secure order or legally to protect the co-operative; and, (5) acting as examining clerks in all cases of offence against the co-operative laws.

The same Government- or State-authorised controlling authorities are entrusted with the work of propaganda in favour of the co-operative idea. They are expected to assist those who desire to form a co-operative, to educate the members of co-operatives and their employees and to distribute to them suitable printed literature. Furthermore, they collect statistical information and keep a register of co-operatives.

The agricultural co-operatives were formerly controlled by Government employees. Six years ago the Government

turned over this work to the Agricultural Bank of Greece without, however, depriving itself of the right, affirmed by a recent law, to conduct a parallel control. As regards civil co-operatives, the interest of the Government in their control has, at all times, been very weak. Only a year ago it was decided that control committees should be formed in each District Court territory, to supervise all civil co-operatives. These committees should comprise one magistrate, one bank or Government employee and one controller of the agricultural co-operatives. The function of these committees presents no interest for the time being.

The control of compulsory co-operatives is, for most of them, limited to the extent set out above, and is practically the same as that of the voluntary co-operatives. In some cases, however, in which the control is conducted entirely by Government employees, the jurisdiction of the controllers far exceeds the limits mentioned above. It is close, severe, and, quite frequently, such that it is hardly compatible with the co-operative spirit. The reason for this exceptional fettering of the will and actions of these co-operatives, lies in the fact that the State has entrusted to them the handling of a plan closely connected with public or social interest. Thus, in the case of the Farm Settlers' Co-operatives, the Colonisation Offices, which controls their transactions may itself draw up the balance sheet of a co-operative which neglects or opposes its preparation, and submit it to the Ministry of Agriculture for approval; may suggest to the Ministry that it should indicate to the Board of Administration any expense considered useless or superfluous; see to the arrest of defaulting treasurers; express an opinion as to the dismissal of part or the whole of the Board of Administration by the Ministry for neglect or unsatisfactory performance of their duties and, lastly, may prohibit the sale of a farmer's products before the complete payment of the debts of the members to the co-operative, which in all cases may be collected in the same way as the public revenues.

In the case of Land Improvement Co-operatives, the Board of Control may demand the compulsory entry in its

books of all liabilities, in spite of objections on the part of the administration; may authorise the request of members for a general assembly or the insertion of new items in the order of the day; may itself summon the General Assembly or announce the order of the day; may approve the admission of new members or the withdrawal of old ones; decide on propositions regarding the expulsion of members or the imposition of fines and levies, and on disputes between the members and the Board of Administration.

Before we enter into the subject of the privileges and immunities enjoyed by the co-operatives, we believe we should remark that the social and financial activities of agricultural co-operatives in Greece have far exceeded those of the civil co-operatives, so that it is only reasonable that they should be continually granted rights of further participation in the administration of all organisations that have a public character and aim at the promotion of those interests of the country that are connected with the agricultural and professional classes.

Besides the Autonomous Currant Organisation, the general assembly of which is formed, to the extent of 80 per cent. by representatives of currant growers' co-operatives, representatives of co-operatives act on the Boards of Administration of the Agricultural Bank of Greece, the Chambers of Agriculture, the Central Commission for the Protection of National Wheat Production and the Office for the Protection of Greek Fig Production.

As already mentioned elsewhere, the co-operatives in Greece have been granted important privileges and immunities. The privileges granted to the compulsory co-operatives have already been mentioned. Those of the other co-operatives are as follows: Machinery, implements, sulphur, sulphate of copper, seeds, roots, vine-trees, wrapping paper for currants, intended for the exclusive use of members of agricultural co-operatives may be imported free of all duty. Agricultural co-operatives having their headquarters in communities are exempted from all public and communal revenue tax, real estate tax and gift or bequest taxes. All categories of co-operatives are exempted

from stamp duties on bills, drafts and other legal documents. Trade marks are registered free of all stamp dues. The by-laws of co-operatives are registered with the Courts at an expense of Drachmas 50.

All co-operatives possess valuable privileges in cases of lawsuits which are more marked in the case of agricultural co-operatives, and they have a preference when offering their products for sale to the Government. Certain categories of co-operatives are preferred when the Government or public corporations are selling or letting property.

Lastly, a very recent law (Nov. 16, 1935) institutes an additional significant privilege in favour of co-operatives by making it a special offence, severely punished, for merchants and manufacturers to refuse to sell goods to co-operatives, at the price at which they are supplying them to their local agents or representatives.

YUGOSLAVIA

BY

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IN contrast to the world-wide economic crisis and in peculiar contrast to the long persisting agricultural crisis—for Yugoslavia is in a special degree an agricultural country—our co-operative movement makes steady progress and grows every year stronger and stronger. As an illustration of this progress and the lines it has taken, as well as of the present position of our movement, I give the following principal statistics:

(1) *Proportion of Co-operators in the Population.* As calculated from the last census Yugoslavia had at the end of 1933 14,500,000 inhabitants, or about 2,850,000 family groups. The total number of co-operators in Yugoslavia at the end of 1933 is given as 1,007,790. Counting each co-operator as representing a family group of about five persons, it may be reckoned that, at the end of 1933, our co-operative societies included 34 per cent. of the total population and 35 per cent. of the families.

(2) *Increase in the Number of Societies and Members.* Here I shall take as the basis of comparison the year 1928. In this year the price of agricultural products in our country were still relatively high, but it was the year in which the catastrophic fall in the price of all such products first began. In the period between 1928 and the end of 1933 the increase in the number of co-operative societies and their members was as follows:

	1928.	1933.	*Increase.*	*Percentage Increase.*
Societies . .	5,412	8,227	2,815	34·2
Members . .	579,448	1,007,790	428,342	42·5

The increase is obviously a very important one and it can also be seen from the figures that the increase in the number of members is 10 per cent. higher than that of societies. This makes it plain that not only have new societies been formed, but that existing societies have strengthened their position by widening their circle of membership.

(3) *Progress in Certain Important Branches of Co-operation.* As in other countries, the development in all types of co-operation has not been uniform. Some have experienced more favourable conditions or have been more needed and can consequently report a more rapid development than others. The place of progress amongst different types of society in the period between 1925 and 1933 was as follows :

(*a*) *Group with an Increase of Less than* 100 *per cent.*

	%
Requirements, sale and purchase, and consumers' societies	60
Fishermen's societies	64
Credit societies	92
Oil production societies	96

(*b*) *Increase of* 100 *per cent. to* 300 *per cent.*

Dairy and cheese-making societies	138
Housing and building societies	190
Workers' productive societies	250
Health societies	283
Rosemary societies	298

(*c*) *Increase of* 300 *per cent. to* 1,000 *per cent.*

Wine societies	320
Cattle and poultry-breeding societies	720
Various agricultural productive societies	880

(*d*) *Increase over* 1,000 *per cent.*

Grain societies	2,980

In order to complete the picture of our co-operative movement we must give a table of our societies divided according to the different types :

Credit societies	4,624	or	56·2 per cent.
Requirements and consumers' societies	1,566	,,	19·02 ,,
Agrarian societies	470	,,	5·72 ,,
Cattle and poultry breeding societies .	368	,,	4·74 ,,
Dairy and cheese societies . .	170	,,	2·07 ,,
Various agricultural productive societies	145	,,	1·76 ,,
Grain societies	124	,,	1·51 ,,
Industrial productive societies . .	116	,,	1·41 ,,
Wine societies	90	,,	1·09 ,,
Health societies	88	,,	1·07 ,,
Housing and building societies . .	88	,,	1·07 ,,
Fishermen's societies . . .	58	,,	0·71 ,,
Oil production societies . . .	27	,,	0·33 ,,
Rosemary societies	12	,,	0·15 ,,
Various	281	,,	3·42 ,,
	8,227	,,	100·00 ,,

By comparing the above analysis of co-operative societies according to type with the percentage of increase for the most important, it is possible to reach some conclusion as to the principal lines on which the development of our societies is proceeding.

(*a*) *Credit Societies*, which are the oldest type of co-operative society in our country and which account for more than half the total number of societies, are already so well distributed that their growth since the year 1931 has slowed down, and this form of co-operation has entered on a phase of stabilisation and internal strengthening. In addition, the present money and credit crisis, has been a great obstacle to a rapid development of this form of co-operation.

(*b*) *Requirements, Sale and Purchase and Consumers' Societies*, which in numbers take second place in the list of co-operative types, are increasing relatively slowly, on the one hand because in certain districts of our country they may already be regarded as sufficiently numerous, and on the other because the difficult agricultural situation has made it impossible for our farmers to buy the expensive materials necessary for intensive cultivation.

(*c*) The most striking point in the present development of our co-operative movement is that the most rapid increase has taken place among the *agricultural productive societies*

and particularly amongst those concerned with grain, cattle and poultry breeding, wine, milk and cheese, rosemary and oil.

(4) *Local Distribution of the Co-operative Movement.*—Our highest central organisation is the " Glavni zadruzni savez u Kraljevini Jugoslaviji " (General Union of Co-operative Societies in the Kingdom of Yugoslavia), founded in June 1919, as the supreme auditing Union among whose members any auditing Union can be enrolled which observes its rules. At the end of 1933, its membership included 22 auditing Unions, 31 district Unions, 6,647 local societies, 890,150 individual members. This means that 80·8 per cent. of all local societies and 88·3 per cent. of all co-operators are affiliated to the general Union. These include 67·5 per cent. of all the credit societies in the country, 88 per cent. of the Agrarian societies and practically all the societies in the other groups.

(5) *Statistics of Turnover.*—As a final illustration of the present position, I will give some of the most important figures relating to the activities of the central organisations which are members of the general Union at the end of the year 1933 :

	Din.
Savings deposits	311,015,799.12
Loans	416,085,873 64
Total of balance sheet	754,650,514 33
Sale of all articles for consumption	80,410,108.86
Sale of agricultural requirements	25,580,384.84
Marketing of produce	189,731,495.71
Total turnover	6,632,035,044.02

NOTE.—For all these figures, the statistics for 1933 have been used since not all unions have yet prepared their figures for 1934.

EGYPT

BY

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THE state of affairs of the co-operative movement in Egypt in 1932 and figures given up to the end of that year indicated that the movement was then in the throes of a crisis. This unprecedented crisis first hit our co-operative societies severely at the beginning of 1931. According to the credit system prevailing at the time, loans accorded to members were due in December of each year. Societies helped the members a great deal all through 1930, using their own resources and borrowed money, but collection at the end of that year was rendered very difficult. Most of the societies were unable to recover their funds. The anomalous character of the crisis, its prolonged duration and persistence paralysed the societies during the next three years. This is clearly reflected from the following table in the figures relating to turnover (total of loans to members, plus supplies distributed and other services), surplus and additions to reserve funds. It will also be noticed that the increase in the number of societies, membership and capital was slender.

Year.	*No. of Societies*	*Member-ship*	*Paid-up Capital*	*Reserve Fund.*	*Bank Advances.**	*Surplus.*	*Turnover.*	
							Loans to Members.	*Supplies and Other Services.*
			£E.	£E.	£E.	£E.	£E.	£E.
1930	514	48,317	143,130	13,222	275,461	20,127	275,928	199,551
1931	539	53,441	154,243	19,175	202,243	13,870	178,949	174,676
1932	559	54,031	158,118	26,225	84,748	4,778	44,470	177,266
1933	587	57,568	163,394	29,669	96,957	9,229	19,348	220,138
1934	643	63,454	181,983	34,173	547,723	†	†	†

* Granted during the year

† Final figures not yet available.

In 1934, however, the whole aspect changed for the better, and at the end of that year we could declare that the movement was saved. It resumed its progress with added channels of activity and in the light of a definite new policy.

Co-operative progress in this country has been on the whole spasmodic, and the time was ripe for the government to have a settled definite co-operative policy. This was laid down by the Higher Council of Co-operation in May in the form of a five year plan. Our objectives in the years 1935–39 were thus made clear. The general lines of policy adopted could be summed up as (1) Consolidation of existing societies. (2) Founding new societies to include workers' and consumers' societies as well as agricultural societies—efforts had been so far restricted to the latter type only. (3) Centralising the efforts of local societies in provincial and national federations. (4) Energetic efforts are to be made towards co-operative marketing of agricultural products, especially cotton, rice, onions and fruits. (5) Diffusion of co-operative principles among the population and educational preparation of the coming generation for a wider and stronger co-operative movement. (6) Strengthening the relations between the agricultural societies and the new bank called the "Crédit Agricole d'Egypte" (C.A.E) until the time comes for the creation of a central co-operative bank.

It might be added, that after the foundation of the new Ministry of Commerce and Industry in 1935, the control of the co-operative movement will not be solely in the hands of the Ministry of Agriculture, but will be carried out in conjunction with the new Ministry.

The C.A.E. which was established in the last quarter of 1931, had many reasons, after the experience of 1932, for revising its methods. The complaints of the co-operative societies were not in vain. The Co-operative Section of the Ministry of Agriculture—acting in the capacity of a Union—spoke for the societies and put the whole situation clearly before the Higher Council of Co-operation. A new *modus operandi* was arrived at which insured quick action in the branches of the Bank, their non-intervention in the

administration of the societies, good understanding between the bank officials on the one hand and officials of the Co-operative Section and committee-men of the societies on the other, reduction of rate of interest on the short-term loans from 5 to 4 per cent., and liberty for the societies to choose the sources of their requirements when the bank is called upon to pay their invoices. Further, in addition to loans in kind for seeds and manures, the range of articles for which loans are granted has been widened to include fuel.

As to loans in cash, these are now not only granted for the purchase of cattle and machinery but also for the expenses required for such agricultural operations as preparing the land, sowing, combatting plant diseases, harvesting and transporting the crops. Advances on crops are extended so as to include any crop that could be safely stored. For merchandise *en route*, shipping warrants are accepted. Loans for the purchase of machinery also have been extended to include payment of arrears on machines previously bought by members of co-operative societies.

A " liaison officer " was delegated from the Section to work in the Bank and insure co-ordination of measures and continual good understanding between all parties concerned, *viz.* the bank, the section, and the societies.

These steps, in such times of stress, have been much appreciated by the cultivators and acted as a stimulus to the increase in membership and in the number of co-operative societies.

The older system of pure cash credit, granted yearly as a single payment falling due at the end of the year, and guaranteed by committee-men, was replaced by that of the Crédit Agricole d'Egypte based on separate loans, differing according to the object, guaranteed by the crops of the actual member beneficiaries, and backed by the right of the Bank to administrative foreclosure in collecting such loans. This scheme though not co-operative, was considered as an expedient practical measure intended to relieve the co-operative situation during the crisis. There are in fact several defects which are inherent in the system and a

central co-operative bank, owned and controlled by the co-operative societies, mobilising their resources, encouraging thrift and returning its annual surplus to them, has been, and still is, our unflinching and steady aim.

The purposes for which cash loans were granted to co-operative societies were for the purchase of cattle and machinery, expenses of cultivation and cropping and advances on crops. Loans of seeds and fertilisers were also made in kind.

As may be seen from the table on p. 489 a striking increase in the activity of the societies took place between 1933 and 1934 when the advances of the Bank increased five and a half times. This was due to the relief measures mentioned before. The advance on the whole line from 1933 to 1934 is manifest and it may be mentioned that in 1935 the figures received already mark a further advance. Under the stimulus of loans, the number of societies also increased and reached 676 at the end of June 1935. Membership reached 64,607. Societies were of the following types :

National central society for the supply of kerosene	1
National central society for the marketing of onions	1
Provincial central society for sale and supply	1
Large societies for the marketing of fruits and vegetables. Two of them each serves a whole province, and one serves the city of Alexandria	3
Agricultural societies of the general-purpose type	648
Consumers' societies	20
Workers' societies	2
	676

We are hardly making any special effort to increase the number of societies ; we simply register those societies which come up to us through the people's own initiative. In fact propaganda for creating new societies has been stopped since 1930 because of the lack of the staff necessary for organisation, instruction, inspection, auditing, etc. . . . We hope to secure the budgetary credit for the staff required for 1937 in the next budget for the financial year

beginning May 1936, in conformity with the approved " plan ".

It has been explained how the crisis first paralysed the co-operative societies by freezing their funds, and how with the help of the C.A.E. our agricultural societies regained their activity. The crisis, however, did not only affect the societies on their business side, but the " morale " was weakened. This, added to the limited understanding of co-operative spirit and organisation, necessitated the greatest care. We proceeded to a systematic diagnosis of the existing societies; every weakness was discovered, analysed, tabulated, and remedies were prescribed respectively. This forms the basis of our present efforts towards the consolidation of the existing societies. About 30 societies were found to be hopeless and consequently put on the black list. They are being dissolved either voluntarily by decision of their respective general meetings, or by compulsion through legal decision of the court of justice according to the rules of the Co-operative Act.

In 1932 the co-operative societies of the province of Sharkia (immediately to the west of the Suez Canal) created a central society chiefly for the marketing of agricultural products. Its creation was premature and outside interference during the abnormal political régime of that time rendered that society sterile. To this day we find great difficulty in putting it in a working order.

Our policy tends towards the creation of central societies on a commodity basis. Thus in 1934, the central society for the importation of kerosene and allied products was created. Its sphere of activity covers the whole country. Its membership includes 165 societies and several individual cultivators. As is well known, this business of petroleum is rather complicated, and often difficulties appear unexpectedly.

Carefully elected committee-men have shown much wisdom and are getting on with their business slowly, and as securely as could be hoped for. In America, the land of underground petroliferous superdrama, co-operative societies, we understand, have been created lately by the hundreds

to deal with this commodity, and we are expecting to get help from their experience.

This year (1935) another important commodity was tackled when the National Onions Central Co-operative Society came into being at the end of February Its seat is at Sohag, Upper Egypt, where the principal onion cultivation district is. The marketing offices, however, are in Alexandria, the chief port for exportation. This society did not find any difficulty in starting work at once. The moving of the crop is financed by the C.A.E. and the onions, cultivated from the best seeds and well sorted, fetch a good price.

Marketing is closely connected with central societies. The principal crop in Egypt is cotton and it is only natural to expect co-operative marketing of cotton to be in the forefront. It may be astonishing therefore, to find no central society for this commodity. Our policy as regards cotton was not to speed up events. We started by getting the cultivators who are members of local societies to realise that what they do individually, in selling cotton, they can do collectively to their advantage in their own way. This resulted in several societies selling separately the cotton for their members. Then several societies in each province came together and held public sales which big Alexandrian merchants and small local merchants attended. Prices obtained were higher than those prevailing at the time and place. We now want these same societies to try getting a certain proportion of their cotton marketed in Alexandria after being ginned in the interior. After probing the possibilities by this slow method, the next step would be to create central societies, first provincial, then national, to specialise in this most important and large business. These central societies would take in hand such operations as ginning transportation, storing, and eventually exportation as well. American experience in this respect will be of great help.

As to rice, our principal concern is to safeguard the name of the co-operative societies in foreign markets. We are reluctant to get co-operative societies to engage in the exportation of rice till we are quite sure of securing the

best quality by controlling the seed sown, the whole process of cultivation in the fields, as well as the mechanical threshing and processing.

Selling vegetables and fruits (especially oranges and mandarines) in foreign markets is a new venture in Egypt. In the past, this country directed all its attention and care to cotton and succeeded in producing the best cotton in the world. We do not want any more to remain a country of a monoculture. Nothing could encourage the extension and growth of an " infant cultivation " so much as facilitating marketing by collective action. There are two provinces in which the cultivation of fruits is more or less concentrated. First there is the depression in the desert west of middle Egypt known as Fayoum Province. This is an oasis in which orange groves are extending every year. Here was created a co-operative society for the whole of the province which engaged in exportation during the last two seasons. Its oranges found a good market in Holland and Germany. Second, the Province of Kalioubia, to the north of Cairo and east of the Nile. Here a society similar to the above was registered in October 1934, and will deal with the crop of the coming season.

Now we come to the fifth and basic item of our program. A general understanding of what co-operation stands for is not a simple question. The Government performs the functions of a national co-operative Union. This is done through the agency of the co-operative section of the Ministry of Agriculture till the time comes for an independent Union to be created. But to have only one section of the Government expert in matters co-operative does not go far enough. It is most important to get not only sympathy but appreciation of the difficulties, and a will to do something to overcome them, on the part of the other state authorities. This can only be achieved if those authorities are given the facts and are made to take an interest in the movement.

Then there is the primary question of instructing the general public, both adult and non-adult, those who have missed the opportunity of studying co-operation at school, and those who have this opportunity still. Further, co-

operators themselves have to learn a great deal with regard to practical co-operative questions, and many of them need to cultivate a sense of genuine co-operation.

The task is tremendous and needs exceptional efforts. We can only tackle it to the extent of the limited means at our disposal.

Our *Co-operative Review* is issued now monthly instead of bimonthly. Leaflets are distributed gratis. Radio talks are given monthly and over 100 societies have lately secured radio sets. A co-operative corner is being arranged in King Fuad Agricultural Museum. In the Agricultural Industrial Exhibition held in Cairo every five years there is always a co-operative stand. The Ministry of Education has included the study of co-operation in the syllabus of some of its schools and colleges. Committee-men are trained on the spot by our staff of field workers. Newly recruited field workers are trained in the section at Cairo for a short period. But all is not said if it is not pointed out that what has been done falls short of being sufficiently effective. There is much room to do more. A general co-operative campaign properly conducted throughout the country, would result in a large number of new co-operative societies being created and this in turn would require a much augmented staff. Under these conditions we are concentrating our efforts on increasing the membership of existing societies which should add much to their capital and business, and on consolidating and helping them to open new channels of activities for themselves.

THE UNITED STATES OF AMERICA

BY

ROBIN HOOD

OUR ship has emerged from a storm. The sea is still rough; but the sun shines. We can take our bearings. In the log we shall note what has been happening, what direction the ship is headed, where we now are.

If such an introduction sounds too finely drawn for a résumé of agricultural co-operative developments in the United States in 1935, we can only insist that the metaphor is appropriate. American co-operatives, like those in the rest of the world, perhaps, have been buffeted about mercilessly by the State for several years. First the Government seized co-operative marketing as a near-panacea for agricultural ills. Then it was roughly cast aside in favour of production-regulation and Government-controlled marketing schemes. Now it is apparent that agricultural co-operation in the United States is emerging again as a self-help movement moderately aided by the government. The crisis is past.

PRESENT STATUS OF THE CO-OPERATIVES

An improved status of farm co-operatives is reflected in the statistics of the Co-operative Division of the Farm Credit Administration. Co-operative buying and selling organisations of farmers in the 1934–35 season gained approximately 124,000 members and approximately $165,000,000 of business.

1933·34 . . .	3,156,000	members	$1,365,000,000
1934–35 . . .	3,280,000	,,	$1,530,000,000

The gains are scattered through various commodity classifications but are noteworthy in the purchasing of farm supplies. It is estimated that one-eighth of all farm supplies are now bought co-operatively.

The tendency for weaker co-operatives to go out of business or to consolidate with larger associations is apparent. It is to be seen in the fact that 10,700 agricultural selling and buying co-operatives reported in the 1934–35 season, comparing with 10,900 in 1933–34, 11,000 in 1932–33, 11,900 in 1931–32, 11,950 in 1930–31, and 12,000 in 1929–30. To the extent this reflects consolidations, co-operative leaders recognise it as an evidence of good health.

Co-operative health is also indicated by the large number of office buildings, warehouses and processing plants erected by co-operatives for their own use during the past twelve months. Reports to the National Co-operative Council indicate upwards of $10,000,000 invested during the year for permanent quarters or additions to present facilities. Heading the list are the $500,000 Sunkist building to house offices of the California Fruit Growers Exchange, the $400,000 warehouse and blending plant of the California Walnut Growers Association, several elevators aggregating more than a million dollars in cost for Farmers National Grain Corporation, the combination office and petroleum building of the Farmers Union Central Exchange—to name only a few on the long list.

However, the most satisfying evidence of co-operative health is to be found in the changed attitude of co-operative representatives at national meetings. A case in point is the 1935 American Institute of Co-operation, held last summer at Cornell University. The Institute is a one-week educational conference bringing together officers, employees, leading members, public officials, economists and others interested in agricultural co-operation. For six years past Government officials and Government projects had dominated the programs of the Institute—not because it was so willed but because Government projects occupied the minds of all co-operative leaders. In the 1935 session, however, the Government received scant attention. Operating technique of co-operatives held the platform from the beginning. The central thought was how to increase efficiency, expand membership and re-install self-help as the motivating influence in American agriculture.

A Code of Guiding Principles

Even more convincing evidence that agricultural co-operation is returning to sound original concepts is found in a long resolution unanimously adopted at the semi-annual delegates meeting of the National Co-operative Council. It included a "code of guiding principles" promulgated in the light of tendencies which have developed in recent years. As the studied pronouncement of the responsible leaders of American co-operatives it is worth reproduction in full:

(1) Business co-operatives are created by farmers as agencies through which they collectively sell their products or purchase their supplies. Such co-operatives being owned and controlled by the members should at all times have the wholehearted participation of those members in the risks, gains and losses of the business operations Therefore, the members in building such co-operatives should invest therein substantial amounts of their own funds, commensurate with the needs of the business.

(2) Business co-operatives are called upon to meet the competition of keen, strongly financed organisations owned or operated by capable men of long experience. To function properly under such circumstances, the co-operatives should build a strong financial structure able to attract ample funds from commercial banks and other loaning agencies, at reasonable rates.

(3) The management of the business co-operative must be qualified to perform the executive functions in an efficient and satisfactory manner. The co-operative manager has, in many respects, a harder work to perform than his non-co-operative competitor. Only men of known high calibre and business ability should be selected for this position, and such men should associate with them capable, promising assistants, in order to assure a continuity not subject to interruption by any sudden change in personnel.

(4) Business co-operatives have been created by farmers as service organisations, to promote and establish a more scientific and orderly distribution of farm products, or purchase of farm supplies, and laws have been enacted enabling the organised farmers to perform these functions. These organisations undertake to accomplish through co-operation what the members could not accomplish singly.

Business co-operatives should not engage in general buying and selling. Sales or purchases for non-members should

be strictly limited to those transactions essential to the efficient handling of the members' own business, and such non-member business should be on a non-profit basis.

If a desire for profits is allowed to supplant the co-operative objective of savings in operations, the future of co-operative effort is seriously endangered.

(5) Government assistance is essentially political, and for that reason is not sufficiently stable to warrant its utilisation as foundation for co-operative growth. Co-operatives need not spurn such Government aid as does not in any way weaken their structure or encourage unsound expansion, but the co-operative should make sure at all times that it can continue to function in spite of a possible withdrawal of such governmental advantage, and should discourage undue governmental liberality in this regard.

(6) The business co-operative busy with problems of meeting competitive operations should not be burdened with the duty of collecting dues for any other organisation. No business co-operative should say, in effect, to its members or prospective members, that they cannot be members of the co-operative unless they join a certain church, lodge or general farm organisation.

(7) Back of the business operations of the co-operative is a supporting background consisting of the interest, knowledge of the business affairs, and co-operative vision of the membership. During the past few years of intense economic struggle many co-operatives have been forced to forego important membership work along this line. A greater participation by women in the deliberations of co-operative members may help to bring about a more general family interest in the co-operative way of doing business.

In giving attention to educational and social work, the directors and management should keep in mind, however, that developing a co-operative spirit is no substitute for efficient business operation. It should always be remembered that co-operative marketing and purchasing are economic activities and that they can have constructive social significance only if they are conducted on sound economic principles.

Co-operatives and Agricultural Policy

The Agricultural Adjustment Administration, established in 1933, is the heart of the present agricultural policy, its purpose being to increase farm income by adjusting production to demand—a policy frequently criticised as one of

scarcity economics. The methods of adjustment are several in number. One plan utilised is to pay rentals or benefits to producers who contract with the Government to reduce their acreages of specified commodities. Another method involves drastic taxation of production in excess of certain quotas. Yet another method involves Government enforcement of marketing agreements between shippers, restricting the quantities of certain farm products moving to interstate commerce; this method is adaptable particularly to perishable commodities.

As was indicated in our report for the last *Year Book*, unhappy relations generally existed between co-operatives and the AAA through 1933 and much of 1934, due partly to the fact that the act made no provision for utilisation or recognition of co-operatives but more largely due to the employment by the bureau of a large number of old-line tradespeople who either understood nothing of the social and economic structure of agriculture or were openly hostile to co-operative marketing.

Through the latter part of 1934 and in 1935 this sad plight was gradually remedied by changes in personnel and by the light of public discussion. Officials enunciated new policies which cleared the atmosphere. The Administrator of the AAA declared: "I would hate to see the Government attempt it (production control and price control) without the support and counsel of the co-operatives. . . . Given time, and a continuing spirit of good will among the men we deal with, we shall resolve the differences and move forward shoulder to shoulder with the co-operative organisations." Under his leadership differences were resolved to the entire satisfaction of the co-operatives.

Subsequently the Assistant Administrator issued a public statement declaring: "I would like to reassure the members of co-operative marketing organisations that the Agricultural Adjustment Administration has no intention of usurping the functions of their established organisations. Instead, the Administration stands ready to help them through the marketing agreement provisions of the act. In the past, the efforts of members of co-operatives often were brought

to nothing by actions of non-members. The marketing agreement provisions of the Adjustment Act may be used to remedy this long-recognised weakness."

A statement by the economic advisor to the Secretary of Agriculture was in similar vein: "There is a very real field for mutual helpfulness in developing the program for agricultural adjustment in such a way that co-operatives occupy a strong and important place in the program without their assuming governmental powers. . . . No one can tell how long governmental action in the field of agriculture will be continued; it would certainly be disastrous to farmers if the Government were to withdraw from the farm field with the previously existing co-operatives left weak or destroyed as a result."

However, Government officials come and go, and policies dependent upon administrative interpretation may not be continued by new administrators. The co-operatives therefore successfully insisted that the fundamental Act be amended by Congress to incorporate the new administrative policy. This was accompanied by a "co-operative bill of rights" which declares that in the administration of the act the Secretary shall "accord such recognition to producer-owned and producer-controlled co-operative associations as will be in harmony with the policy toward co-operative associations set forth in existing acts of Congress, and as will tend to promote efficient methods of marketing and distribution." As a means of emphasis, several other provisions more specific in nature were added to the act, including one under which the AAA must recognise the decision of a co-operative association with respect to any marketing agreement or AAA order as being the decision of each of its members. This provision is significant where two-thirds vote of producers is necessary for the approval of marketing agreements or the promulgation of orders by the AAA.

Co-operative Credit

In the Farm Credit Administration, a Government establishment, are four divisions. One supervises the federal

land banks which make long-time farm real-estate loans available through approximately 4,000 local farm loan associations. Another division supervises approximately 1,000 production credit associations which make short-time crop and livestock loans. A third division supervises 13 banks for co-operatives through which farmers' co-operative marketing and co-operative purchasing associations may obtain credit. The fourth division supervises the intermediate credit banks which are primarily banks of rediscount for the other units in the farm credit system. Farm loan and production credit associations are closely supervised and controlled, but co-operative buying and selling associations subject themselves to no more control when they borrow from banks for co-operatives than when they borrow through regular commercial sources.

The first two years of operations of the banks for co-operatives justify the high hopes had by co-operative leaders at the time of their establishment. They are now financing only a small part of the credit needs of co-operative buying and selling organisations but their availability has favourably affected the financial structure and safety of the co-operative movement generally. Approximately $50,000,000 has been loaned by the banks, although their open commitments to co-operatives aggregate a very much larger sum; more than 1,300 co-operatives have availed themselves of this new avenue of credit.

Through amendments enacted by Congress in 1935 the service of the banks was materially broadened. Formerly they were authorised to make short-time loans for operating purposes both to marketing associations and to farmers purchasing associations, but their long-time facility loans were limited to associations engaged in selling farm products. Amendments to the Farm Credit Act now permit facility loans for co-operative purchasing. Amendments also provide for greater flexibility in interest rates, dependent upon the type of collateral afforded; thus, non-perishable commodities in storage may be the basis of credit at a very favourable interest rate, which is now approximately 2 per cent. Operating loans secured by corporate notes and

current collateral are available at approximately 3 per cent., while long-time facility loans are available at approximately 4 per cent.

Research and Education

The research, service and educational activities of the Co-operative Division, re-establishment of which was successfully demanded by the National Co-operative Council more than a year ago, was discussed in the last *Year Book*. Reports on the first projects are now beginning to appear in print and are having a profound influence upon the trend of co-operative development. Many of the projects have been of specific character, such as analyses of a few new pioneering co-operative motor truck lines for the transportation of milk, analyses of merchandising and advertising plans contemplated or utilised by speciality co-operatives, analyses of the accounting problems and procedures of typical associations, etc.

Several comprehensive bulletins have already been issued by the Co-operative Division. One is the first and only comprehensive publication ever issued in the United States on the subject of *Co-operative Purchasing of Farm Supplies*. Another, *Accounting Principles for Co-operative Gin Associations*, provides a yard-stick by which this new type of processing co-operative may measure its service and efficiency. A third bulletin is of general character, furnishing an adequate and up-to-date picture of *Co-operative Marketing of Agricultural Products*. *Early Developments in Co-operative Cotton* and *Co-operation in Agriculture*, a selected and annotated bibliography with special *Marketing* is a fourth reference to marketing, *Purchasing and Credit* is a fifth. Others are in preparation.

Because of the recent rapid development both of farm supply co-operatives and of consumer co-operatives in the United States, with a resulting widespread discussion of the relations of the several types of rural and urban co-operatives, the bulletin on farm supply purchasing is attracting special attention. Agricultural leaders feel that it points out characteristics which stamp farm supply co-operatives

as institutions essentially different from typical consumer organisations. The farmer is seen primarily as a manufacturer whose " farm factory " is interested in economical purchasing and efficient marketing as two parts of an operation which is sometimes served by different agricultural co-operatives and sometimes by different departments of one co-operative. The conception is important because it indicates close co-ordination between farm supply co-operatives and marketing co-operatives.

Problems on the Horizon

In the American chapter of the last *Year Book* a great deal of attention was devoted to the battle between co-operatives and the private trades in respect to discriminations constantly creeping into industrial and distributive codes promulgated by the National Recovery Administration, one of the so-called New Deal " alphabetical " agencies, usually referred to as the NRA. The problem of the co-operatives in this respect was solved in a single swoop when the NRA act, by unanimous decision of the United States Supreme Court, was held to be unconstitutional, *i.e.* to exceed the authority granted to the federal government by the various States when they ratified the Federal Constitution.[1] Nevertheless many industrial and distributive interests are endeavouring to find a new legislative method of accomplishing the purpose sought by the outlawed codes. The question is undoubtedly one which will command the attention of co-operatives in the next session of Congress.

The coming session is also anticipated with some apprehension by co-operative leaders for another reason. For many years Congress has viewed the co-operative movement with great sympathy and friendliness, and, so long as nothing unreasonable was asked, the only Congressmen hostile to co-operative sentiment were those representing dealers in farm products. In the last session, however, such representatives found their number was materially swelled. Some of the reasons for the increased size of the anti-

[1] This was written before the similar decision in the case of the AAA.—Ed. *Year Book.*

co-operative clique are to be found in the rapid growth of petroleum co-operatives, general farm supply co-operatives and urban co-operatives, which are treading upon sacred private premises. Public utility friends have also been critical of the government's sponsorship of electricity co-operatives. A minor political party has injected co-operation into partisan politics by adopting a " co-operative commonwealth " plank in its platform. Some unnecessary antagonism has been aroused by public utterances attacking the " capitalistic system " and proposing a co-operative system as a substitute. Utterances of this type have brought co-operation into disrepute with large numbers of unthinking citizens who have been caused to regard co-operation as an ally of socialism, communism and other " isms " which post-war campaigns have built up as " devils " in the minds of the masses in order to regiment political thinking.

The ways in which this growing hostility toward co-operation has been utilised by opponents can be illustrated by some of the measures offered by Congressmen in the last session. One measure would have prohibited co-operative associations from handling products for any non-members and would have denied federal recognition of any co-operative *federation*. Another would have disrupted co-operative accounting systems by requiring the exact loss or gain on each individual farmer's products to be credited or charged against his particular account, thus preventing the use of the reserves to absorb losses and preventing the use of savings to build general reserves. Another measure sought to prevent the banks for co-operatives from extending credit to the national cotton co-operative. Each of these provisions was defeated.

However, one damaging measure was enacted in the Senate during the rush and turmoil of the closing days of the last session. It provided for a subcommittee to " investigate the expenditures by the federal government on cotton co-operatives and their losses." All details of such transactions are available to the Senate in files of Government offices in Washington ; no investigation was necessary

to ascertain the facts. Moreover, all the losses sustained by the government in connection with cotton co-operatives resulted directly from Farm Board price-pegging efforts in 1929 and 1930 when the Farm Board directed the cotton co-operatives to advance high prices to members with promises of protection against losses—promises that were not kept. As a result of the resolution for investigation, one unfriendly Senator was enabled to conduct a public hearing in the heart of the cotton belt and to drag across the front pages of newspapers a renewal of four-year old false charges regarding unsavory aspects of the Government's cotton stabilisation efforts—conducted while the opposite political party was in power. Cotton co-operatives, therefore, are the unfortunate victims of unfair adverse publicity.

SUMMARY

In conclusion, it may be said that the co-operative movement in the United States has grown stronger during the past year both in physical measurements and in moral fibre, but continual onslaughts conducted or prompted by opposing interests may be expected.

AGRARIAN REFORM IN MEXICO

BY

KENNETH G. GRUBB

THE need of Agrarian Reform in Mexico can only be rightly estimated through a slight acquaintance with the history of the problem. The land owned and tilled by the Mexican Indians before the advent of Cortes became, after that event, divided among the new-comers from Spain in two ways. Vast estates or *encomiendas* were distributed among the conquering pioneers. These *encomiendas* carried the right not to enslave, but to use the labour of the Indians who became known as *peones acasillados* and, incidentally also carried the obligation to Christianise them. Secondly the Church itself, as represented by the monasteries and clergy, received immense endowments of land.

This situation continued for over four hundred years. The Independence did not materially alter it. The wealth of the Church through agricultural mortgages and loans increased at the expense of that of the private proprietor or *latifundista*. On the surface, these investments contributed to agricultural prosperity, but in reality they made the situation of the Indians more intolerable and contributed to the rapid disappearance of the free-holder. Alamán, the best-known Catholic historian of Mexico, states that at the Independence half the real estate of the country was in the hands of the clergy. The Liberal Reformers of 1857 attempted to deal with this abuse, but in the long dictatorship of Diaz (1876–1910) the old procedure was restored and private property in particular increased apace, for the Church never really recovered from the epoch of the Reforms. The best-known cases of land-holding on the large scale were those of the families of Creel and Terrazas, protégés of Diaz, who succeeded in

acquiring an area almost double the size of England and Wales. Territory was concentrated in the hands of a few, perhaps to a greater extent than in any other comparable country of the world.

The great Mexican *hacienda* was the true legatee of the old *encomienda*, without the obligation as to instruction in the faith—society having fallen upon more secular days. The *patron* was represented on the *hacienda* by a *capataz* or overseer; the *peon* or labourer contracted his first debt in the baptismal font through the ceremonies held on his behalf, and, in fact, inherited his parents' financial obligations as automatically as the baptismal graces. The *tienda de raya* was his plantation store where alone liquor and goods could be obtained, on the occasions when vice or necessity drove him to jump the gap between ambition and exorbitant prices. The nominal wage, not long ago from 25 to 40 *centavos* a day, was absorbed by debts or *fiestas*, and rebellion was punished by whipping or jail, justified by the plea of the necessity for that sternness which patronage piously employs when it is surprised that its benefits are not acknowledged on bended knee. Whole villages were under *hacienda* government; indeed, in six states 90 per cent. of all inhabited places were located on plantations. At the end of the Diaz régime there were fewer than 13,000 free villages as against nearly 57,000 plantation communities.

The Revolution [1] determined not to have the agriculturally poor always with it, resolved to say good-bye to all that, but has succeeded only in part. I soon found that although the general process had been in substance as outlined above, in reality two different classes of "the landless" had developed: the *hacienda* families, and the independent villages which, while preserving their political autonomy within the State, had lost nearly all their lands. Carranza's decree of January 6, 1915, which was the begin-

[1] The Mexican Revolution in its belligerent phase lasted from 1910 to 1921, in which years the country was largely disorganised. The term is also applied to the constructive political processes since that date.

ning of the process of Agrarian Reform, did not deal at all with the *hacienda*, but it did require the restoration of lands to villages which had been robbed of them.

The next step was the creation of the National Agrarian Commission as the body competent to handle all agrarian problems. The Commission has struggled manfully on, having to fight enemies within its gates as assiduously as those ranged in the open fields! Such foes have been cumbersome administrative machinery, dishonesty, pressure from outside, complicated legal processes, and cross-currents from the anti-religious or Church and State conflict. However, its labours were rewarded and at the same time extended by the Six Year Plan, published in 1934, which raises the Commission to the rank of a Government Department, and, in order to provide it with a more competent technical and general personnel, guarantee a federal contribution of 4 million pesos, mainly for salaries.

Subsequent developments are too complicated to follow in detail.[1] Briefly, it is sufficient to say that legislation has been passed to provide for the establishment of *ejidos* or village allotments. Most of these *ejidos* have been taken from unclaimed or, at any rate, unused land. But in a few cases, although only a few, a start has been made with the breaking up of the great *latifundios*.

The following is the customary procedure. Villages which desire an *ejido* draw up a petition and, if it is approved, they receive an allotment, at first provisionally. The *ejido* is divided into plots. Each plot is handed over to a person who satisfies the requirements of being a Mexican citizen, a man older than sixteen, if he is single, or any age if he is married; or a woman, single or a widow, if she is responsible for a family; of having lived not less than six months in the village under consideration; of being a regular farmer by means of his personal labour; of not acquiring lands in extent greater than, or equal to, the plot which is assigned to him, and of not possessing a capital larger than 2,500 pesos.

[1] For a good treatment in English see Tannenbaum, F., *Peace by Revolution*, 1933, pp. 187–218.

In the distribution of lands innumerable difficulties have occurred. These included the resistance of the landlords protected by local authorities with personal interests; the traditional inertia or timidity of the peon; the slowness with which petitions for allotments are handled; and the imperfections of laws which did not meet the case of the majority of the communities. The whole question of distribution has often fallen into the hands of greedy local politicians who keep the *ejidatarios* in subjection to their caprices. If it is appreciated that the provisions of the Agrarian Code do not affect 2,780,260 *peones acasillados* it will be evident that the problem continues to be of vital importance.

In spite of these serious obstacles the following figures show that, although the situation is not satisfactory, great progress has been made. In 1930 there were over half a million *ejidatarios*, but by 1933 the number had increased to 742,315 with definite allotments occupying a total area of 7,604,880 hectares.[1] In addition there were 214,411 *ejidatarios* with provisional allotments occupying 3,342,546 hectares. The total area of the *ejidos* is approximately 14 per cent. of all the cultivated land of the Republic.[2]

On Labour Day, May 1, 1935, more than half a million hectares in all the states of the Republic were distributed simultaneously to 36,856 heads of families.

The agrarian reform has probably lowered the agricultural production of the country considerably, although latterly conditions have notably improved. Two years ago, the official newspaper of the National Revolutionary Party published Government data which showed that the average income of the *ejidatario* was some 200 pesos per year per family, which is more or less the same as that which the peon gained in the old days. Revolutionary governments are disposed to accept these facts, to introduce modifications into the legislation, to promote intensive education in methods of cultivation, and to provide assistance and credit for the *ejidatarios*.

The Institute of Social Reforms of the National Revolu-

[1] One hectare = 2·47 acres. [2] *Mexico en Cifras*, 1934.

tionary Party has stated that, in 1930, fifteen years after the initiation of the Agrarian Reform, Mexico held the first place in the world as regards concentration of land in the hands of a few.[1] 83·84 per cent. of existing properties are larger than a thousand hectares. The situation is aggravated when it is remembered that only 11·04 per cent. of the total area of the country is cultivable.[2] But in spite of the difficulties there is no doubt that the agrarian reform has meant a real awakening of the peasant; morally it is undeniably an advance. The peasant ceases to be at the mercy of external forces; he acquires independence, becomes conscious of wider interests and appreciates the value of education.

Both the Constitution of 1917 and the Federal Code of Labour prescribed the fixing of a minimum wage in agricultural as well as industrial labour. It was not, however, until 1934 when the National Commission of Minimum Salaries was established that the Constitutional enactments were put into operation. Wages for agricultural labour vary from 60 cents to 2¼ pesos,[3] and in general are substantially lower than those for industrial labour, just as the cost of living in the country is less. Although, in general, living is more expensive now in Mexico than formerly, this wage represents an improved level. Just before the Revolution agricultural wages ranged from 18 to 40 cents.

It would not be right to handle the agrarian problem in Mexico, however briefly, without referring to the modern achievements in rural education.

The insecurity of life in the country during the revolutionary struggle, the general cultural awakening, the establishment and development of industries, have contributed to an increasing urbanisation. The Mexican village has had to face a serious problem: so long as ignorance, lack of vision, and even slavery prevailed, the villager did not think of moving. But to-day, education and communica-

[1] Quoted by A. Bremauntz, *El Salario Mínimo y la Participación en las Utilidades.*

[2] *México en Cifras*, 1934.

[3] At present (1936) 17½ pesos = £1.

tions arouse desire for progress, with the result that he moves to the city, there to increase the ranks of the industrial workers, or abandoning himself in the case of bad failure to the despair of the underworld.

The village is thus faced with the alternative, either to open its doors to education, so losing its more ambitious sons who alone can save it from stagnation, or to shut itself in. But as the latter course is difficult, the village has gradually become depopulated. The problem, therefore, consists in improving the general conditions of village life and of discovering local sources of production which may attract the more ambitious to remain. The rural school is planned with this in view, but until it increases its influence the Mexican village will continue to lose its more capable inhabitants.

In order to meet this grave difficulty the Revolution has built up a remarkable chain of rural schools. The Revolution, in fact, takes a broad view of the function of the school in the community.

The rural school is not simply meant to pass on knowledge; its radius of action is not limited to standard academic subjects in the classroom or even to teaching children. It seeks to become the vital centre of the community, inspiring and directing everything that will improve living conditions. It initiates and guides every kind of plan such as the improvement of streets, parks and paths, the opening of libraries, the establishment of medical and hygienic services, the improvement of sanitary conditions, the development of sports and healthy diversions, the campaign against drunkenness, and the establishment and development of small industries. The rural teacher is to be the guide, philosopher and friend of the peasants.

Once a rural school is assigned such a task, it is obvious that its methods cannot be rigorously and inflexibly defined. The rural teacher must be imbued with the conviction of his mission and must bring freedom, spontaneity and a many-sided activity into his programme. Books are used, but the error of making education intellectual and bookish has to be avoided. Classes are held in the classrooms, but

not confined to them. Besides classes, the educational programme includes lectures, night-schools for adults, artistic, dramatic and cultural functions, excursions for exploring and investigating the region, visits to homes, various social and civic activities, such as campaigns for hygiene and anti-alcoholism, mothers' clubs, organisation of sports and co-operative societies, and similar enterprises.

The school plant generally consists of a building used for the classes, the yard or field for basket-ball, a small theatre in the open air, an allotment for cultivation on a small scale, and equipment for the establishment of small industries such as bee-keeping, poultry farming, curing of skins, and sometimes, in addition, an oven to bake bread.[1]

The unit of the rural educational system is, of course the little rural school itself taught, as a rule, by one master whose salary is paid by the community, or partly by the community and partly by the Federal Government. The land, the building, and the equipment are provided by the community. A certain number of these small schools form a " rural school circuit " with a central school. This central school is well organised and is under a very well-prepared teacher ; it is wholly maintained by the Federal Government.

In 1930, there were 2,438 rural schools classified into 703 circuits, with an enrolment of 109,000 children and an average attendance of 97,000 children and 48,000 adult men and women. In each state of the Republic there is a Federal Office of Education with a group of inspectors, each one in charge of a district. The Federal inspectors not only visit the rural schools of their district, but also often gather together the teachers in order to hold a course of lectures. The Federal Offices are directly dependent on the Ministry of Education.

Accompanying this notable effort is a system of proper training of rural teachers, visits by travelling educational missions and so forth.

It is quite evident that Mexico has made an effort to deal with the rural situation, on a scale quite unparalleled

[1] The greater part of the rural population lives on *tortillas*. The rural school is introducing the use of wheat bread.

at any rate in Latin America. No sympathetic student of the fundamental needs of mankind can refuse to concede to such achievement generous admiration, even if the program has been subject to criticism in detail. It is a matter of regret that it has been impossible to carry through this program, particularly in the educational field, without incurring the hostility of the Church. But it may, perhaps, be hoped that once the initial era of difficulties has been overcome, more harmonious relations will prevail.

ARGENTINA

BY

DR. DOMINGA BOREA

IN the *Year Book of Agricultural Co-operation* for 1935 I referred in my article to the Agricultural Credit Section of the National Bank of Argentina, which was created by a law of May 15, 1933, with the object of "improving the organisation and distribution of agrarian credit, agricultural co-operation and the nationalisation of rural industries."

I can now stress the practical influence which this section will have in the development of our rural co-operation. To this end, let me draw attention to the comments in the Memoir on the National Bank of Argentina, published on July 3 of the current year (1935), in which the Bank describes in detail the work realised in the country during the two years since the inception of the above-mentioned law.

With the object of the better application of the powers of the law in the matter of granting credits to the agricultural co-operatives under Articles 2 and 9, the bank decided, on October 31, 1934, to create an office of Inspection of Co-operatives, which began to function in December of that year.

Continuing with these first measures, funds are accumulating for the granting of loans, for the improvement of homesteads, by co-operative societies and for founding a system of annual fixation of credits to the same, which will enable branch managers to carry out these operations without previous consultation, and with consequent curtailing of the necessary procedure.

These associated proposals once carried out and completed by others, which must be formally adopted for the realisation of a rational and practical organisation, tend

to establish a powerful body suitable for the administration of agricultural co-operative credit.

Since the passing of the law, the bank has been granting credits and the suspension of debts to these societies, so that on October 31, 1934, the debit balance to the Institution rose to $1,000,000 from co-operatives not affected by the suspension, and $4,500,000 from co-operatives with regulated debts. This combination of obligations may be divided as follows: $1,500,000 with one or two signatures; $1,500,000 with agricultural security; and $2,500,000 with mortgages. This means that the National Bank has been able efficiently to alleviate the financial situation of many co-operatives which had been adversely affected by the agrarian crisis.

With respect to credits to these bodies in the period from November 1, 1934, to March 31, 1935 inclusive, the following data will show: Credits granted, $1,941,000; Bills discounted, $548,000.

Some co-operatives have not availed themselves of the credits offered, owing to being unable to accept the requisite conditions of the bank regarding inspection, nor the unlimited liability of the members of their respective managing committees. It may be supposed that when the new harvests are pending, they will put themselves in a position to utilise the loans offered, and will manage to reconcile their former methods with the exigencies of security demanded by the bank, and benefit by the wisdom and experience which attend such operations today.

From this short article, and from information published in *Year Books of Agricultural Co-operation* for 1932, 1933 and 1935, it may be seen that co-operative societies in Argentina have the advantage of a double inspection: that of the National Bank of Argentina in the matter of rural credits, and that of the Registry for the Inspection and Encouragement of Co-operatives, a branch Department of the Ministry of Agriculture, whose functions are set down in Article 2 of the Decree of February, 1927, from which I quote as follows:

"Art. 2. The Registry for the Inspection and Encouragement

of Co-operatives under the Direction of Rural and Statistical Economy, will advise the Ministry of Agriculture in those matters referred to in Laws 11.380 and 11.388, and will exercise in particular the following functions :

(*a*) To keep a special register of co-operatives inscribed with the essential Acts and Amendments in the Statutes of these societies.

(*b*) Exercise public control over Co-operative Societies and audit their accounts.

(*c*) Encourage Co-operation by any means it may deem convenient.

(*d*) Organise an information service for and concerning the co-operative movement in the country.

(*e*) Collaborate in the laws for the fostering of Co-operative Societies."

LEGISLATION OF THE YEAR

LEGISLATION affecting co-operative societies has been fairly abundant in the period covered by the survey, though not all of it has been of a welcome character. In Austria, Germany and the U.S.S.R. laws have been passed restricting in greater or less degree the freedom of the consumers' co-operative movement, though in Austria there has also been a tendency in the other direction, away from extreme measures of Government control, and in both Germany and Russia other branches of co-operation have been the subject of more favourable legislation. The law concerning collective farms, for instance, has been reconstructed. In Czechoslovakia, on the other hand, co-operative societies have attained to a more definite and favourable position in the eyes of the law than they formerly enjoyed. Legislation establishing various forms of semi-state, semi-co-operative marketing control has been passed in a number of countries, including the Argentine, Austria, Czechoslovakia, France, Great Britain, the Irish Free State, Canada, New Zealand and the West Indies (Dominica).

Laws deliberately concerned with the promotion or helpful reorganisation of the co-operative movement are not lacking, the most important referring to the Argentine, Bulgaria, China, Colombia, France, the French Colonies, Iraq, Hungary, Spain, the U.S.A. and Yugoslavia. Minor amendments to existing laws were passed in a great number of countries, including the above as well as South Africa, India, British Guiana, Malaya and Mexico. In several countries such co-operative legislation was associated with land settlement and agrarian reform (especially Spain, Chile and Ecuador) and in others, including the French Colonies Hungary, Japan and Yugoslavia, with measures for the relief of agricultural indebtedness.

ARGENTINA

A law of May, 1933 provided for the creation of an agricultural credit section in the National Bank of Argentina "with the object of improving the organisation and distribution of rural credits, agricultural co-operation and rationalisation of rural industries." Loans may be made to rural co-operatives as well as to individuals. There are provisions for land settlement loans.

The National Cotton Board established by decree in the spring of 1935 and predominantly official in character includes three representatives of growers' co-operative societies and has among its functions the establishment of new mills along co-operative lines in order to allow the agriculturist to market his own fibre directly.

The article on p. 516 of the *Year Book* includes references to the registration and inspection of co-operatives societies under the law of 1927.

Decree approving the regulation of colonisation and co-operative societies under the protection of the National Mortgage Bank—February 18, 1932.

Law creating an agricultural credit section of the Bank of Argentina—May 15, 1933.

Decree establishing a National Cotton Board—May, 1935.

AUSTRIA

A number of recent laws and decrees have affected the co-operative movement, generally in a restrictive sense. The Compulsory Federation Law of 1934 compels all co-operative societies to become members of a recognised auditing union. The Trade Regulation Act of the same year affects principally the consumers' societies. It establishes "closed trades", including the distribution of mixed goods, textiles, groceries and provisions, which can only be entered by persons who have served an apprenticeship in a recognised establishment and to whom no objection has been made by the local trade association. Special restrictions are also placed on the butchery trade and on any change in the type of goods sold by undertakings

with more than two shops. The conversion of private to co-operative shops can only take place with the consent of the Trade Association. A co-operative society has the right of appeal from the decisions of this authority. These provisions are stated to be temporary and are less drastic than the regulations which preceded them. Agricultural co-operative societies engaged in supply, processing or marketing are exempt provided they do not trade with non-members. An ordinance of 1933 prohibited the direct supply of agricultural produce to industrial co-operative societies—except for use as agricultural requirements—and another regulated the conditions under which co-operative societies might supply to public bodies. The autonomy of the important Vienna consumers' society which was for a time suspended was restored by decree in 1935. Orders concerning the rate of interest in and the control of financial institutions have affected credit societies.

The co-operative movement has also been to some extent affected by agricultural marketing legislation. Measures for a levy on livestock coming on to the market, the proceeds of which were used to buy up carcases and remove them from the general market, affected co-operative societies in common with other traders. Co-operative dairies and others supplying milk to Vienna have since 1931 been subject to a compulsory price equalisation scheme. In 1933 a Milk Price Decree was issued, with the purpose of checking the decline in milk consumption which was taking place as a result of the economic depression, and of fixing selling prices at a level which took into account both the reduced purchasing power of the consuming public and the claims of the traders for a fair margin. In 1934 the Milk Distribution Law was passed in order to divert the excessive inflow of milk from Vienna and secure its even distribution over the other provinces, and the Vienna Milk Distribution Bureau was set up to control all supplies. In the same year a law on dairy exports required all exporters of dairy products to unite in an export organisation attached to the Milk Equalisation Fund. The same law introduced a system of export licences.

Law creating a Milk Equalisation Fund—July 17, 1931.

Law on credits to livestock fatteners—June 30, 1932.

Law on the Livestock Fund—December 22, 1932.

Ordinances concerning the rate of interest in co-operative credit societies—March 17, 1933.

Ordinance concerning the supply of agricultural produce to consumers' societies—October 26, 1933.

Ordinance concerning the supply of public bodies by industrial and economic co-operative societies—October 26, 1933.

Order for the relief of the Pig Market—April 13, 1934.

Decree restoring autonomy to the Vienna and District Consumers' Society—May 24, 1934.

Order regulating the rate of interest on loans—June 30, 1934.

Law making regulations for industrial and economic co-operative societies—August 3, 1934.

Law compelling co-operative societies to affiliate to a recognised auditing union—August 3, 1934.

Law on Milk Marketing—August 17, 1934.

Order for the business inspection of financial institutions—August 17, 1934.

Order for the relief of the Cattle and Pig Market—August 17, 1934.

Trade Regulation Act—November, 1934.

BELGIUM

Order amending the Law of May 11, 1929, instituting a Central Bank for small professional loans—December 21, 1934.

Order reorganising socialist consumers' and savings co-operative societies and regulating the rights of their depositors—May 5, 1935.

BRITISH EMPIRE

GREAT BRITAIN

No co-operative legislation has been passed during the year but developments under the Agricultural Marketing Act continue, the most important being in connection with the establishment of a Herring Industry Board. Orders dealing with foreign imports are not included, although made under the Act.

Agricultural Marketing (Loans) (Scotland) Regulations—April 25, 1933.

Agricultural Marketing (Loans) (Scotland) Amending Regulations—June 20, 1933.

Milk Act—July 31, 1934.

Northern (Scottish) Milk Marketing Scheme (approval) Order—July 6, 1934.
Aberdeen Milk Marketing Scheme (approval) Order—March 28, 1934.
Cattle Industry (Emergency Provisions) Act—July 31, 1934.
Herring Industry Board Order—April 8, 1935.
Herring Industry Scheme—May 31, 1935.
Order amending the Pig Marketing Scheme—December 17, 1935.

NORTHERN IRELAND

Following on the Agricultural Marketing Acts of Great Britain, analogous Acts have been passed in Northern Ireland. The Agricultural Marketing (Pig Industry) Act of 1934, however, goes further than any English measure, except possibly the Herring Industry Scheme, and sets up a Government-controlled body with representation of producers and curers to control the industry. The Milk and Milk Products Act also goes further than the English Milk Act of 1934, in its provisions for the grading of milk and for differential retail prices based on grade. It also places certain obligations on co-operative and other creameries in connection with the receipt of sums connected with the English Milk subsidy of 1934. Further particulars will be found in the article on p. 224 on Northern Ireland.

Agricultural Marketing Act—1933.
Agricultural Marketing Act—1934.
Order establishing a Pig and Bacon Marketing Scheme—October 1, 1933.
Agricultural Marketing (Pig Industry) Act—1934.
Milk and Milk Products Act—1934.
Marketing of Potatoes Act—1934.

IRISH FREE STATE

An Act to make provision for the control and regulation of the production and marketing of bacon was passed in 1935. It provides for the registration and inspection of persons and premises engaged in the pork and bacon trades, for the licensing of bacon manufacture and the veterinary examination of carcases, especially for export. It further provides for the constitution of a Bacon Marketing Board elected by the curers with a chairman appointed by the

Minister of Agriculture. The chairman has the deciding voice in all questions where agreement is not unanimous. The Board has power to fix a production quota for a given period and allot that quota among licensed premises with penalties for under- or over-production. The Board may purchase bacon compulsorily at a price fixed by itself and may also produce bacon. It may make levies and inspect premises. A Pigs Marketing Board is also set up with a chairman nominated by the Minister, three members elected by the Bacon Board and three nominated by the Minister to represent pig producers. Decisions shall be by majority vote, but in the case of an equal division the chairman has the casting vote. The Board has power to make orders fixing the prices for various classes of pigs, both for pork and bacon, for stated periods. It may make allowances for freight insurances, etc., may equalise prices by subsidies to or levied from curers, and may itself deal in pigs.

Dairy Produce (Price Stabilisation Act)—June 13, 1935.
Pig and Bacon Act—June 20, 1935.

AUSTRALIA

QUEENSLAND

Act to amend the "Primary Producers" Co-operative Associations Acts, 1923–26, "in certain particulars"—October 11, 1934.

Act to repeal an Act to incorporate the Australian Mutual Provident Society and to further define and declare the rights and powers of the Australian Mutual Provident Society and for other purposes—December 12, 1934.

SOUTH AUSTRALIA

Act to regulate the marketing of dried fruits and for other purposes—November 29, 1935.

CANADA

DOMINION

An Act was passed in July 1935 transferring the marketing of Canadian wheat to an official body, the Canadian Wheat Board with power to fix prices, trade and in particular take over wheat or contracts from Canadian Co-operative Wheat Producers, Ltd.

Canadian Wheat Board Act—July 5, 1935.

ALBERTA

Act to amend the Alberta Rural Credit Act—April 23, 1935.

MANITOBA

An Act to amend the Rural Credits Act—April 28, 1933.

NOVA SCOTIA

Act to amend the Revised Statutes of 1923 as amended by the Acts of 1930 " of the incorporation of Farmers' Co-operative Societies "—May 17, 1933.

Act to amend the Revised Statutes of 1923 " of the incorporation of Farmers' Fruit, Produce and Warehouse Associations "—May 17, 1933.

Act to provide for the incorporation of co-operative associations —May 11, 1935.

Act to amend the Act of 1932 on co-operative savings and credit societies called credit unions—May 11, 1935.

ONTARIO

Act to amend the Co-operative Marketing Loan Act, 1932—April 18, 1935.

PRINCE EDWARD ISLAND

Act respecting Farm Credits—April 5, 1934.

QUEBEC

Act to amend the Co-operative Agricultural Societies Act—March 29, 1933.

Act to amend the Co-operative Agricultural Association Act—April 20, 1934.

Act respecting Agricultural Credit—May 12, 1935.

Act to amend the Co-operative Agricultural Association Act—May 18, 1935.

SASKATCHEWAN

Act to amend the Co-operative Associations Act—February 21, 1935.

Act to amend the Co-operative Marketing Associations Act—February 21, 1935.

NEW ZEALAND

An Act was passed in November 1934 to establish an Executive Committee of Agriculture with power to regulate the marketing and production of agricultural products and to co-ordinate the work of the several boards and other authorities exercising powers in relation to the primary products of New Zealand; to change the name of and

reconstitute the New Zealand Dairy Produce Control Board, and to extend its powers to deal with all matters affecting the dairy industry, including local and export sales; and generally to enable effect to be given to the recommendations of the Commission appointed under the Commissions of Inquiry Act, 1908, to inquire into matters affecting the dairy industry of New Zealand. The Act provides for the issue, by Orders in Council, of regulations giving effect to the recommendations of the Commission. Power is given to pay out sums from the Public Works Fund for various purposes, including the construction, equipment and improvement of dairy factories.

Agricultural (Emergency Powers) Act, 1934—November 13, 1934.

Amending Regulations under the Dairy Industry Act, 1908—March 11, 1935.

UNION OF SOUTH AFRICA

An amendment of the Co-operative Law was passed in 1933 by which a new member was declared not to be responsible for a loan contracted by his society prior to his entry into the society unless this loan was required for a business transaction in which he was interested. It also lays down that so long as a member has not paid for agricultural requirements purchased from his society, such requirements remain the property of the society and crops produced from them are mortgaged to the society and may not be sold except to the society or with its consent. The society is entitled to inspect crops, etc., so mortgaged.

Act to amend the law relating to co-operative agricultural societies and companies—June 21, 1933.

Act to amend the Co-operative Societies Act of 1922—June 4, 1934.

INDIA

Assam

Co-operative Societies Act (new provisions)—June 12, 1933.

Bihar and Orissa

Act to consolidate and amend the law relating to co-operative societies in the Province of Bihar and Orissa—May 5, 1935.

Act to amend the Bihar and Orissa Co-operative Societies Act, 1935—October 3, 1935.

BOMBAY

An amendment to the Co-operative Societies Act was passed in 1933 enabling the Government to acquire land for a Co-operative Housing Society and also fixing the maximum rate of interest payable on shares by a general or resource society at $7\frac{1}{2}$ per cent. inclusive of bonus. Societies are at the same time authorised to put a sum not exceeding 2 per cent. of paid up share capital to a Dividend Equalisation Fund.

Act to amend the Bombay Co-operative Societies Act, 1925—September 26, 1933.

CENTRAL PROVINCES

Co-operative Societies (Amendment) Rules, 1933—February 23, 1933.

MADRAS

Act to amend the Madras Co-operative Societies Act, 1932, for a certain purpose—March 11, 1933.

Act to amend the Madras Co-operative Societies Act, 1932—January 13, 1935.

Act to amend the Co-operative Land Mortgage Bank Act—November 29, 1935.

FEDERATED MALAY STATES

KELANTAN

Enactment to provide for the constitution and control of co-operative societies—June 26, 1934.

Enactment appointing the date on which the above Act should come into force for Thrift and Loan Societies among Government employees—June 26, 1934.

Rules under the above Act—June 26, 1934.

DOMINICA

During the year an Ordinance to create a body corporate to market bananas and to regulate and control the exports thereof was passed. This Ordinance made provision for the formation of the Dominica Banana Association and authorised this Association to market and control all bananas of the Gros Michel variety produced in Dominica and intended for export.

Ordinance controlling the marketing and export of Bananas—1934.

BRITISH GUIANA

An Ordinance to make better provision for the constitution and management of Co-operative Credit Banks was passed by the Legislative Council on August 30, 1933. Under Section 3 (1) of this Ordinance the Governor shall appoint for the general superintendence of all banks a Board to be styled "The Co-operative Credit Banks Board." The Board shall consist of five members, one of whom shall be the Director of Agriculture. Under Section 3 (2) the Director of Agriculture shall be the Chairman of the Board and shall preside at its meetings, the Registrar being Secretary.

Ordinance to make better provision for the constitution and management of Co-operative Credit Banks—August 30, 1933.

TRINIDAD AND TOBAGO

An Ordinance to amend the Friendly Societies Ordinance—May 7, 1935.

Regulations under Section 92 and 93 of the Friendly Societies Ordinance of May 31, 1935—June 13, 1935.

Proclamation to provide that the Friendly Societies (Amendment) Ordinance shall commence on July 1, 1935—June 8, 1935.

GRENADA

Ordinance to amend the Agricultural Loans Ordinance, 1925—June 13, 1935.

ST. VINCENT

Ordinance relating to Agricultural Credit Societies—February 20, 1934.

MAURITIUS

Ordinance to amend the Co-operative Credit Societies Ordinance, 1913—July 25, 1935.

Rules under the above Ordinance—July 26, 1935.

BRAZIL

Decree establishing rules and regulations for the functioning of collective economic societies called "constructive banks" and for their financial régime—June 29, 1934.

BULGARIA

In 1934 an ordinance was passed amalgamating the Agricultural Bank of Bulgaria and the Central Co-operative Bank of Bulgaria in a new institution, the Agricultural and Co-operative Bank of Bulgaria. It is stated that " the object of the Bank is to assist and to contribute to the development of agriculture, trades, labour and all other forms of economic activity and in particular to favour the prosperity and progress of small and medium properties and enterprises, preferably organised in co-operative societies and also to facilitate the exchange of the products of their economic activity. It organises insurances, exercising this function in virtue of special laws, and supervises their normal development. The supervision and management of all the co-operative societies in the country has also devolved upon the Agricultural and Co-operative Bank in so far as they are outside the jurisdiction of the courts." This was followed by administrative measures restricting the autonomy of co-operative societies, but it is anticipated that amendments of the law governing the Agricultural and Co-operative Bank will be introduced, having as their object the restoration of co-operative societies' full autonomy and a democratisation of the management of the Bank by creating side by side with it a Co-operative Economic Council and a General Co-operative Congress.

A law providing for the formation of handicraftsmen's associations of a general character admits to membership handicraftsmen's co-operative societies.

Legislative Decree organising associations of workers—September 13, 1934.

Regulations concerning the section of the Central Co-operative Bank of Bulgaria engaged in financing artizans—December 28, 1933.

Law modifying the law granting remission of loans made under State Guarantee by the Agricultural Bank of Bulgaria to disabled ex-service-men who have lost 100 per cent. of their power to work —February 10, 1933.

Ordinance concerning the amalgamation of the Agricultural Bank and the Central Co-operative Bank—October 18, 1934.

Legislative Decree organising associations of handicraftsmen—February 15, 1935.

CHILE

In the law of 1935 on land settlement it is provided that each new settlement shall be regarded as an automatically constituted agricultural co-operative society enjoying all the privileges conferred on co-operative societies by existing legislation. So long as instalments on the purchase of holdings remain unpaid, the co-operative settlement remains under the supervision of a manager appointed by the Bank of Agricultural Settlement. Co-operation will be applied to marketing, supply of requirements and use of machinery. Apparently arrangements are also being made for the supply of working capital to settlers.

Decree establishing the sole text of the decree laws concerning co-operative societies—November 14, 1932.

Decree amending the regulation of co-operative societies—February 23, 1934.

Decree amending the Decree of July 5, 1933, concerning co-operative societies—April 4, 1934.

Decree approving the regulations concerning the investment of the funds of consumers' co-operatives—July 9, 1934.

Law on agricultural settlement—February 15, 1935.

CHINA

A co-operative societies Act was passed in 1934 and came into force in the following year. A Department of Co-operative Societies has been created in the Ministry of Industries.

Co-operative Societies Act passed at the Legislative Council—January 16, 1934.

Order putting the above into force—July 31, 1935.

COLOMBIA

A decree has been passed by the Colombian Government in connection with the Co-operative Law regulating the granting of State credits to co-operative societies. The Decree lays down that credits will be granted only to

those societies which are constituted in accordance with the provisions of the Co-operative Law, and amongst these only to those which give proofs of good organisation and a loyal membership, or those which, having strong support, require extra capital with which to begin business operations. The Ministry of Trade and Industry, which is responsible for granting credits, will lay down the conditions for their use in accordance with the special needs of each society.

Law completing and amending certain dispositions concerning the Agrarian and Industrial Credit Bank—November 17, 1933.

CZECHOSLOVAKIA

An important decree was passed in May, 1935, amending the co-operative law. The most important new provisions are (1) that societies are now permitted to carry on cultural, social and health activities for the benefit of members and non-members (political activities are still excluded) and (2) that they may trade with non-members unless their own rules forbid them to do so; even in this case, however, the society is exempt from penalty under the trade regulations and the rules of fair competition, and toleration is established for exceptional circumstances and occasional breaches of the rule. *Agents provocateurs* who induce a society to make illegal sales to non-members (a frequent annoyance) may be prosecuted. Contracts with non-members are for the first time made valid. Societies are permitted to let premises other than dwelling-houses to non-members. Further, the legality of mixed types of society (consumers' with productive departments, for example) is established.

A law prohibiting "free gifts" supplied with goods or services has been the means of defining and legalising beyond question co-operative dividend on purchase and distinguishing it from dividend on shares. This it is hoped will be valuable in establishing the exemption of the former from taxation.

An Order of July, 1935, imposes "temporary restrictions"

on the opening of shops, repair workshops and warehouses. The Order is intended to remain in force until June 30, 1937, and applies to the grocery, provisions, clothing, footwear and other trades. It lays down that the opening of new shops may only be sanctioned by the Ministry of Trade after it has ascertained that the proposed extension will not result in unhealthy competition.

Special and more lenient provisions are made in Section II of the Order for the establishment of new Co-operative Societies or the opening of new branches. The Order gives the Central Organisations of the Movement the power to decide whether any new co-operative enterprise is justified or not. No new society of any type may be entered in the Register until evidence has been submitted that it will be capable of carrying out the objects for which it has been formed and will be affiliated to one of the legally recognised auditing unions. For this purpose a declaration by one of the Central Organisations will be accepted.

If a co-operative society intends to open a new works or shop, it is required first to apply for the sanction of the appropriate Central Organisation and to give notice in writing to the local authorities within whose area the new undertaking is to begin business. If the Central Organisation declines to give its approval it must inform the local authorities. No other Central Organisation can grant permission for the opening of a similar works or store within six months of notice being given that an application has been refused.

Agricultural credit societies have been affected by laws fixing the rate of interest on loans and deposits, systematising and regulating their by-laws and making compulsory the placing of a part of their deposits in the Rediscounting Institute and prohibiting the formation of fresh credit societies or their unions before the end of 1936.

For the relation between agricultural co-operation and the State Grain Monopoly, see the article on p. 447 of the *Year Book*.

Law fixing the rate of interest in credit societies—1933.

Law systematising and regulating Kampelička Credit Societies —August 5, 1933.

Law prohibiting the formation of new financial enterprises and their unions until the end of 1936—1934.

Law on the Rediscounting Institute—March 14, 1934.

Law establishing the State grain monopoly—1934.

Law amending the law establishing the State grain monopoly—1935.

Law prohibiting free gifts supplied with goods or services—April 12, 1935.

Decree concerning industrial and economic societies, co-operative societies and agricultural credit societies—May 18, 1935.

Order imposing temporary restrictions on the opening of shops, repair workshops and warehouses—July 26, 1935.

FREE CITY OF DANZIG

Order concerning the liquidation and extinction of societies and co-operatives—November 1, 1934.

Order concerning the amendment of the co-operative law (Auditing and Auditing Unions)—November 12, 1934.

Extension of the Co-operative Law—November 12, 1934.

ESTONIA

Act to amend the Act respecting co-operative associations and federations thereof—December 20, 1933.

Act to amend and supplement the Act respecting co-operative societies and federations thereof—February 27, 1935.

Act to deal with the debts of co-operative dairy societies—March 20, 1935.

ECUADOR

A recent Act provides for the resumption by the State of ownership of abandoned or unproductive land for purposes of settlement. Co-operative organisations are authorised to institute expropriation proceedings with a view to securing holdings for their members up to a maximum area of 10 hectares per member.

Act dealing with the resumption by the State and the resettlement of abandoned or unproductive land—September, 1935.

FINLAND

Law amending the Law of March 28, 1930, establishing the conditions under which State subsidies are granted to syndicates, co-operatives and other associations for the maintenance and control of livestock—August 3, 1933.

Act to amend the Act of January 4, 1919, respecting associations —May 25, 1934.

FRANCE

A Decree of March, 1935, set up a Higher Council of Agricultural Co-operation attached to the Ministry of Agriculture for the purpose of advising the Minister in matters connected with co-operation. It is composed of representatives of Government Departments, the National Agricultural Credit Bank, the National Federation of Mutuality and Agricultural Co-operation and other bodies, together with persons nominated by the Minister, half of whom must be the representatives of agricultural co-operative societies.

A decree of August, 1935, defines more strictly the status of a co-operative society. It restricts the use of the title " agricultural co-operative society " to one registered under the appropriate articles of the Act of August 5, 1920. Unions of such societies enjoy the same fiscal privileges as their constituent members. Rules of such societies and unions must be approved by the Higher Council of Co-operation which may withdraw its approval if the provisions of the present decree are violated. Rules must provide for the withdrawal of members. They must stipulate that on the dissolution of a society or union any surplus funds must be used for a purpose of general agricultural value. Societies conforming with the above are exempt from profits tax and turnover tax except on subsidiary retail businesses.

A Decree Law of September 28, 1935, has amended the Law of August 5, 1920, in certain directions. In particular, the maximum duration of medium-term loans has been increased from ten to fifteen years, and that of individual long-term loans from twenty-five to thirty years, so long

as the age of the borrower does not exceed seventy years on the date when the last instalment falls due.

Co-operative productive societies which undertake contracts for public authorities are affected by the recent Emergency Decrees. As a result of the general levy of 10 per cent. on public expenditure, their credits will in future be reduced. They will be subject to the general tax on industrial and commercial profits realised by enterprises carrying out public contracts, amounting to 20 per cent. for 1934 and 10 per cent. for 1935. If these contracts are with one of the three Defence Services, these profits will be subject to a special tax instead of the general tax. Certain types of contract are, however, exempt from the special tax. They include contracts for supply of grain, fodder, etc., undertaken by the Producers' Co-operative Societies.

Legislation dealing with wheat continues to affect co-operative marketing societies. Special grants have been made since 1933 to agricultural credit banks for crop advances; the formation of stocks by co-operative societies aiming at orderly marketing was encouraged and a National Committee for the Defence of the Wheat Market was set up with co-operative representatives of both producers and consumers. In 1934 the law for the control of wheat stocks was renewed and extended and the National Agricultural Credit Bank received State advances for the purpose of financing wheat stocks. By a decree of 1935 the repayment of advances was postponed. By a decree of December, 1934, it was established that co-operative societies might receive a premium on wheat held under a system of contracts made with the Minister of Agriculture and elaborated by a later decree. Such societies may only handle the wheat of their own district and must be owned and controlled by growers only. They pledge themselves to hold the quantity of wheat stipulated in the contract and only to sell it gradually as authorised by the Minister of Agriculture.

A decree of 1935 for the stabilisation of the meat market provides for grants to slaughter-houses and meat factories carried on as public undertakings including those in the hands

of co-operative producers or consumers. State advances may be made to the National Agricultural Credit Bank for the purposes of loans to such institutions.

Law on the establishment of permanent wheat depots—April 30 and May 31, 1930.

Law granting funds in connection with the control of wheat stocks —June 26, 1933.

Law on control of wheat stocks—July 10, 1933.

Decree amending the Decree of August 6, 1933, authorising the National Agricultural Credit Bank to make an advance to the special account anticipated by the law of July 10, 1933, on the organisation of the wheat market—September 2, 1933.

Decree relating to the control of agricultural mutual credit banks and the financial relations with mutual agricultural insurance or re-insurance societies by the National Agricultural Credit Bank—September 8, 1933.

Law on the financing of wheat stocks—February 28 and July 4, 1934.

Law on control of wheat stocks—July 9, 1934.

Law on regulation of wheat market—December 24, 1934.

Order determining the condition under which regional agricultural credit banks may elect delegates to the Commission of the National Agricultural Credit Bank—January 3, 1935.

Decree fixing for 1935 the rate of interest on long-term individual and collective loans under the law of August 5, 1920, on mutual credit and agricultural co-operation—January 20, 1935.

Law fixing the rate of interest on State advances in 1935 to workers' co-operative societies for production and credit—February 6, 1935.

Decree relating to agricultural mutual insurance societies against hail—March 21, 1935.

Decrees relating to a Higher Council of Agricultural Co-operation —March 20, 1935, and April 1, 1935.

Decree fixing the maximum rates of interest which may serve as a basis for the tariffs of mutual social insurance banks—April 6, 1935.

Decree concerning the direct purchase of wheat held by co-operatives—April 8, 1935.

Law for the stabilisation of the meat market—April 16, 1935.

Law placing at the disposal of the National Agricultural Credit Bank of funds for short-term, medium-term and long-term loans—April 18, 1935.

Decree authorising the opening of a special account (in connection with imports of fertilisers) by the National Bank of Agricultural Credit—June 6, 1935.

Order concerning the drawing of 1934 ten-year 5 per cent. bonds in the National Agricultural Credit Bank—June 13, 1935.

Decree relating to the application of the law of April 18, 1935,

putting at the disposal of the National Agricultural Credit Bank resources to be used for short-, medium- and long-term loans—June 26, 1935.

Law postponing to December 31, 1936, the final date for repayment of advances by the Minister of Finance to the National Agricultural Credit Bank for the purpose of short term loans to wheat producers—July 5, 1935.

Decree concerning the formation and retention of wheat stocks of co-operative societies and their unions—August 8, 1935.

Decree-law concerning the legal and fiscal standing of agricultural co-operative societies and their unions—August 8, 1935.

Law creating a committee for colonisation and native peasantry—September 5, 1935.

Decree-law amending the law of August 5, 1920, on agricultural co-operative credit—September 25, 1935.

Decree amending the legislation relating to agricultural credit—September 27, 1935.

Decree relating to the joint funds of societies and consumers' co-operatives—October 30, 1935.

Decree relating to workers' productive co-operative societies—October 30, 1935.

Decree cancelling certain bonuses to workers' co-operative productive banks—October 30, 1935.

Decree amending the law of April 1, 1898, on societies for mutual aid—October 30, 1935.

ALGERIA

Particulars of the work of the Agricultural Loan Bank established in 1935 will be found in the article on p. 366 of the *Year Book*.

Order relating to cereal warrants—July 28, 1933.

Order relating to cereal warrants for native provident societies—September 27, 1933.

Law authorising the General Government of Algeria to guarantee up to a total of 400 million francs the operations of an Agricultural Loan Bank—April 4, 1935.

Order relating to the work of the Agricultural Loan Bank in Algeria—April 19, 1935.

Decree-law creating the Algerian Agricultural Credit Bank and re-organising credit and co-operative institutions—October 5, 1935.

Decree-law establishing the conditions of application of the above—October 29, 1935.

MOROCCO

Important legislation concerning agricultural mutual credit and the legal and fiscal position of agricultural co-

operative societies and their unions was passed in 1935 and is discussed in the article on the French Colonies on p. 370 of the *Year Book*.

Vizerial Order amending the Order of November 29, 1931, in connection with the Dahir of May 9, 1923, on agricultural mutual credit—May 20, 1933.

Dahir amending the Dahir of March 21, 1930, authorising the formation of a union of societies for co-operative grain elevators—May 27, 1933.

Dahir regulating mortgage of products of the Union of Co-operative Elevators of Morocco—May 27, 1933.

Dahir relating to wheat warrants—June 1, 1933.

Dahir amending the Dahir of July 13, 1933, constituting a Wheat Bank—August 21, 1933.

Vizerial Order amending the Order of November 29, 1931, in connection with the Dahir of May 9, 1923, on agricultural mutual credit—September 28, 1923.

Order of the Director-General of Agriculture, Commerce and Colonisation establishing the tariff of short-term loans from agricultural mutual credit banks—October 11, 1933.

Dahir amending the Dahir of August 27, 1918, regulating the pledging of agricultural products and extending certain fiscal privileges to the pledging of the products of the Union of Co-operative Elevators of Morocco—November 4, 1933.

Dahir amending the Dahir of July 13, 1933, establishing the Wheat Bank—November 15, 1933.

Dahir authorising the Wheat Bank to borrow 20 million francs on State guarantee and exempting it from stamp duty—November 15, 1933.

Order of the Director-General of Finance regulating the accounts of agricultural mutual credit institutions—December 22, 1933.

Dahir amending the Dahir of May 21, 1930, authorising the formation of a union of societies for co-operative grain elevators and amending the Dahir of May 9, 1923, on agricultural mutual credit —March 21, 1934.

Decree on agricultural mutual credit—August 20, 1935.

Dahir on the legal and fiscal position of agricultural co-operative societies—August 20, 1935.

Dahir amending the Dahir of August 20, 1935, on mutual credit and agricultural co-operation—August 20, 1935.

TUNIS

A number of recent Acts refer to the working of agricultural co-operative societies, native provident societies,

mutual agricultural insurance societies and credit institutions. These are discussed in the article on French Colonies on p. 367 of the *Year Book*.

Decree on mutual agricultural insurance societies—March 26, 1931.

Decree authorising provisionally for the season 1933 co-operative wine societies to make and store the product of small wine-growers in their neighbourhood—August 23, 1933.

Decree allowing to the Regional Agricultural Mutual Credit Bank special funds for extraordinary loans for the supply of seeds to French Colonists who have exhausted their normal credit—September 5, 1933.

Decree extending the above extraordinary loans to natives now members of local agricultural mutual credit banks and farming with European methods—October 9, 1933.

Decree relating to the pledges of olive oil producers—November 13, 1933.

Decree extending extraordinary loans to members of native provident societies farming with European methods—November 30, 1933.

Decree creating the Tunisian Credit and Consolidation Bank—January 4, 1934.

Decree relating to Tunisian Friendly Societies and the Native Land Bank—February 21, 1934.

Decree on agricultural co-operative societies—February 12, 1934.

Decrees authorising the Tunisian Land Bank to issue land bonds—November 10, 1934, and January 8, 1935.

Decree amending the decree of May 26, 1934, on the Central Co-operative of Arts and Trades—October 8, 1935.

FRENCH EQUATORIAL AFRICA

Order establishing the financial organisation of agricultural credit in French Equatorial Africa—December 31, 1932.

Law authorising advances to the Central Bank of Agricultural Credit—August 2, 1933.

Order amending the Order of December 7, 1931, regulating the conditions of application of the order of November 12, 1931, establishing agricultural credit—September 26, 1933.

Order completing and amending the Order of December 31, 1931, establishing the financial organisation of agricultural credit—September 26, 1933.

Decree relating to the organisation of agricultural credit in French Equatorial Africa—April 13, 1935.

FRENCH WEST AFRICA

A decree extending the functions of native Provident Societies to marketing is discussed on p. 373 of the *Year Book.*

Decree authorising Native Provident Societies to take any measures to improve the conditions of harvesting, preparation, distribution, storage and marketing of produce—November 9, 1934.

Order amending to order of January 23, 1935, on Native Societies for Thrift and Mutual Agricultural Aid—May 3, 1935.

TOGO

Decree authorising the formation of Native Provident Societies —November 3, 1934 (see p. 378).

FRENCH GUIANA

Order creating native Friendly Societies for thrift and mutual aid—September 3, 1932.

MADAGASCAR

Order completing the Order of November 22, 1930, regulating the conditions of application of the decree of April 18, 1930, on credit, friendly societies and agricultural credit in Madagascar—August 18, 1933.

INDO-CHINA

Order amending the Order of January 11, 1932, relating to popular agricultural credit—February 11, 1933.

Order amending the Order of November 29, 1929, organising French agricultural mutual credit societies in Cochin-China—September 21, 1933.

Order modifying the Order of February 12, 1931, on the organisation and functioning of popular agricultural credit, in Indo-China —September 21, 1933.

Order regulating the administration and finance of the Agricultural Mutual Credit Office of Indo-China—October 10, 1933.

FRENCH POSSESSIONS IN THE INDIES

Decree instituting agricultural credit—January 8, 1934.

NEW HEBRIDES

Decree creating an agricultural association for mutual guarantee and for the organisation and working of credit, mutuality and agricultural credit in the archipelago of the New Hebrides—June 19, 1935.

FRENCH OCEANIA

Order fixing the conditions of application of the Decree of December 13, 1932, relating to the organisation of agricultural mutual credit in the French Establishments of Oceania—June 9, 1933.

Order establishing details of the execution of the Decree of December 13, 1932, relating to the organisation of agricultural mutual credit in the French Establishments of Oceania—October 1, 1933.

Order modifying certain paragraphs in the Order of June 9, 1933, relating to agricultural mutual credit—November 14, 1933.

Order determining the methods of executing the Decree of December 13, 1932, relating to agricultural mutual credit—November 14, 1933.

GERMANY

A law of May, 1935, provides for the liquidation of consumers' co-operative societies. Dissolution may take place on the unanimous decision of the Board of Administration of the Supervisory Council or by a majority at a general meeting. A sum is provided by the Minister of Finance to cover liquidating and especially to safeguard savings depositors. Savings departments of all consumers' societies must, however, be dissolved by the end of 1940. The establishment of new consumers' societies require the approval of the Reichs Minister for Economy. According to a recent law, the savings banks and credit co-operatives are subject to the same rules as other financial institutions concerning cash liquidity, so far as they carry other than savings accounts. A decree of 1933 provided that the Minister of Agriculture might form compulsory agricultural trusts for marketing and control.

A discussion of the legal position of agricultural co-operative societies under the National Socialist régime will be found in the article on Germany on p. 336 of the *Year Book*.

Law relating to the formation of compulsory cartels—July 15, 1933.

Law establishing a Reichs Commissariat for the Dairy Industry —July 20, 1933.

Decree concerning the Union of Dairies—September 7, 1933.

Order concerning the formation of a Union of producers of milk, preserved cream and casein—October 14, 1933.

Law concerning the liquidation and extinction of companies and co-operatives—October 9, 1934.

Law amending the Co-operative Law—October 30, 1934.

Order concerning the coming into force of the law of October 30, 1934, amending the Co-operative Law—December 4, 1934.

Orders regulating the position of the Agricultural Co-operative Movement in the Reich Economic Order—December 8, 1934, and January 15, 1935.

Law concerning cash liquidity in banking institutions—January, 1935.

Order concerning the position of agricultural co-operative societies—February 4, 1935.

Order concerning commercial and co-operative legal documents in the Saar Territory—March 19, 1935.

Law concerning consumers' societies—May 21, 1935.

Order concerning the valuation of the property of co-operative societies—July 5, 1935.

Order relating to the conduct of sick benefit societies and co-operative accident societies—June 26, 1935.

GREECE

A full description of the Greek co-operative law as resulting from recent amendments will be found in the article on Greece on p. 472 of the *Year Book.*

Law concerning the confirmation of agricultural debts to individuals—October 21, 1933.

Decree respecting the amalgamation of agricultural co-operative organisations with the same objects—January 17, 1934.

Decree on the right of vote at general meetings of compulsory co-operative societies—January 19, 1934.

Act to amend and supplement certain provisions of the Act of December 31, 1914, respecting co-operative societies and the subsequent Acts amending the same—February 14, 1934.

Act to amend and supplement the Act respecting land improvements effected by compulsory co-operative societies—February 14, 1934.

Legislative Decree respecting the organisation of the services of the Inspectorate of Labour, Social Welfare and Co-operative Societies—April 12, 1935.

HUNGARY

A law aiming at the promotion and reorganisation of the producing, marketing and consumers' co-operative move-

ment was passed in 1934. It empowered the Government to place certain sums (up to 11·6 million pengö) at the disposal of co-operative societies.

Extensive measures have been carried out for the relief of agricultural debt (see p. 458). These, to some extent, affect co-operative credit societies and societies for the supply of agricultural requirements, and their special claims are in some measure recognised by the law.

Law for the promotion of Co-operation—1934.

Ministerial Decree concerning the new regulations for the payment of agricultural debts—October 23, 1933.

Order concerning the payment of agricultural debts—October, 1935.

IRAQ

A Bill providing for the establishment of an agricultural and industrial credit bank with co-operative objects was introduced in January, 1935. It is intended that the Government should finance the bank with an initial loan, but that shares should also be issued. Loans will be made to agriculturists and manufacturers.

ITALY

Decree providing for the construction of silos, warehouses and co-operative establishments for the conservation and processing of agricultural produce—September 28, 1933.

Decree approving the new rules of the National Fascist Co-operative Union—March 22, 1934.

Decree giving judicial recognition to the national Fascist federations (co-operative) and approving their rules—August 16, 1934.

Decree postponing the application of the Decree of June 29, 1934, concerning obligatory co-operative contributions under the Decree of March 2, 1931—December 20, 1934.

Law converting the above Decree into a law—April 29, 1935.

Decree postponing till December 31, 1935, the application of the above Decree—June 7, 1935.

ERITREA

Decree constituting an Agricultural Credit Bank in Eritrea—December 29, 1932.

JAPAN

A law was passed in 1933 creating associations for the adjustment of rural debts. Peasants, fishermen and others may join such societies voluntarily. The society undertakes to attempt to come to an arrangement with members' creditors, and to draw up plans for the amortisation of the debt, but failing this, the question is referred to the communal Committee for the relief of indebtedness and may ultimately be settled by process of law. Co-operative credit societies may become associations for the adjustment of debts. Associations are legal persons, liability may be unlimited or limited by guarantee. The rules must state object, name, constitution, rules concerning admission and withdrawal of members, method of operating, duties of officers, value of share capital and extent to which it is paid up, method of distributing expenses and losses, duration of society. Associations are exempt from registration fees. Each society must have a reserve fund built up from members' contributions. Members may only withdraw by consent of two-thirds of the membership. The Government and the communes place certain sums at the disposal of associations for the relief of debts and for losses incurred.

Law on associations for the regulation of agricultural indebtedness—March 28, 1933.

Law on agricultural credit on personal estate—March 28, 1933.

Law on associations for the regulation of agricultural indebtedness—March 28, 1933.

Law amending the law on associations for agriculture—May 26, 1933.

Ordinance amending the law on associations for agriculture in respect to prosecutions—May 26, 1933.

Order of the Minister of Agriculture and Forests modifying the rules of application of the law on associations for agriculture—May 27, 1933.

Order of the Minister of Justice providing for the Registration of societies for the joint processing of raw silk—June 10, 1933.

Ordinance concerning the registration of silk-growing associations—June 10, 1933.

Ordinance fixing a date for the coming into force of the laws on agricultural indebtedness and associations connected therewith—July 29, 1933.

Ordinance concerning communal committees for the regulation of agricultural indebtedness.

Ordinance amending certain regulations connected with registration of debts—July 29, 1933.

Order of the Minister of Justice concerning the registration of associations for the regulation of agricultural indebtedness—July 31, 1933.

Order of the Minister of Justice amending the regulations concerning the registration of personal estate—July 31, 1933.

Order of the Ministers of Agriculture and Forests, Finance and the Interior applying the law on associations for the regulation of agricultural indebtedness—July 31, 1933.

Order of the Ministers of Agriculture and Forests, Finance and the Interior concerning the special funds for financing the regulation of agricultural debt and meeting possible losses—July 31, 1933.

Decree of the Minister of Agriculture and Forests concerning the regulation of agricultural indebtedness—September 1, 1933.

Decree of the Minister of Agriculture and Forests proscribing practical means of applying the law on associations for the regulation of agricultural indebtedness—September 1, 1933.

Order amending the regulations for the application of the law on agricultural warehouses—September 1, 1933.

Order of the Minister of Agriculture relating to the application of the above law—November 30, 1933.

KOREA

Order concerning the regulation of the debts of members of peoples' credit associations—November 11, 1932.

Order withdrawing the regulation concerning the allocation of subsidies to forestry associations—May 11, 1933.

Edict on the federation of peoples' credit associations—August 17, 1933.

Order regulating the application of the above order—August 31, 1933.

FORMOSA

Order amending the rules for the application of the rules on co-operative societies—March 11, 1933.

KARAJUTO

Order amending the rules for the application of the law on co-operative societies—September 6, 1933.

JAPANESE MICRONESIA

Ordinance on co-operation in Japanese Micronesia—September 20, 1932.

Order making rules for the application of the Ordinance on co-operation—October 4, 1932.

LATVIA

An Act was passed in 1935 establishing a Chamber of Agriculture to be placed under the Minister of Agriculture and to act in an advisory and supervisory capacity. It is composed of 14 sections, one of which is engaged in looking after the interests of co-operative societies and supervising their activities.

Order to restrict the activities of co-operative societies and federations thereof during the period of the exceptional régime—May 4, 1934.

Addition to the Order respecting co-operative societies and federations thereof—December 21, 1934.

Act instituting government control of the Latvian Butter Market (come into force)—January 1, 1935.

Act establishing a Chamber of Agriculture—March 28, 1935.

LITHUANIA

Rules of the Co-operative Bank of Lithuania—June 17, 1933.

Law on the use of funds for the formation of capital in agricultural co-operative credit societies—June 17, 1933.

MEXICO

In 1935 an alteration was made in the functions of the National Bank of Agricultural Credit, providing that in future the Bank should limit its activities exclusively to the provision of credit to members of collective agricultural holdings known as *ejidos*. A new credit institution is promised to small farmers on individual holdings.

Decree exempting properly constituted and authorised co-operative societies from taxation during five years—August 16, 1933.

Decree charging the National Bank of Agricultural Credit with the duty of carrying out the liquidation of agricultural banks, "ejidales" and local agricultural co-operative societies—December 6, 1933.

Law on agricultural credit—February 7, 1934.

Law on popular credit—February 18, 1935.

Decree altering the scope and functions of the National Bank of Agricultural Credit—July 4, 1935.

NICARAGUA

Decree exempting workers' co-operative societies from various taxes—January 31, 1935.

POLAND

A law of 1933 grants State assistance to credit institutions, including co-operative societies, which give relief to agricultural debtors.

Ordinance of the Minister of Justice concerning the Co-operative Registry—June 25, 1934.

Ordinance of the Minister of Finance and Justice concerning the organisation of the Co-operative Council—September 26, 1934.

Law on facilities granted to credit institutions granting relief to agricultural debtors—March 24, 1933.

PORTUGAL

Decree-law establishing a National Federation of Wheat Producers—July 24, 1933.

Decree-law authorising the creation in rural parishes of " houses of the poor ", social co-operative organisations for the encouragement of thrift, mutual help, education and progress—September 23, 1933.

ROUMANIA

Law amending to Co-operative Societies Law of 1929—April 6, 1933.

Order of the Council of Ministers regulating the liquidation of cereal loans for fodder and seed purposes by co-operatives—June 9, 1933.

Publication of the sole text of the Law of March 29, 1929, on co-operation—June 27, 1933.

Royal Decree to amend certain sections of the Act of March 28, 1929, respecting co-operative organisations, as amended April 4, 1930, and April 7, 1933—March 26, 1935.

Act respecting the organisation of co-operative societies, March 28, 1929, with amendments, April 4, 1930, and April 7, 1933—March 26, 1935.

Royal Decree to approve the establishment of the Central Consumers' Co-operative Society and its Articles of Association and Rules—June 28, 1935.

Royal Decree to approve the establishment of the Central Co-operative Society for agricultural production, purchase of supplies and price regulation, and its Articles of Association and Rules—June 28, 1935.

Royal Decree to approve Articles of Association and Rules of the Central Co-operative Society for Direction, Organisation and Supervision—June 28, 1935.

Royal Decree to amend the rules of the Co-operative Bank—July 3, 1935.

SIAM

Co-operative Societies Amendment Act—B.E. 2477 (November 21, 1934).

SWEDEN

An amendment to the law on economic associations excludes certain credit and insurance societies from its scope. The law of 1930 dealing with State credits for the construction or reconstruction of grain elevators was slightly amended in 1933.

Law amending the Law of June 22, 1911, on economic associations as amended by the Law of August 3, 1929—February 17, 1933.

Order amending the Order of September 12, 1930, concerning loans from State funds for the purchase of grain—June 2, 1933.

Order amending the order of September 12, 1930, concerning loans granted by the State to dairies—June 2, 1933.

Order concerning conditions and general regulations of State loans to slaughter-houses—June 26, 1933.

SPAIN

The Law on Agrarian Reform of 1932 provides for the establishment of a National Bank of Agricultural Credit, to lend both to individual farmers through positos and other local organisations, and to co-operative societies for development purposes. The National Service of Agricultural Credit is itself empowered to build, own and administer silos and warehouses. Positos are under State protection and through their federations may borrow at low rates of interest up to 40 per cent. of their capital and for periods not exceeding ten years. The capital of the

positos is mortgaged to the National Bank of Agricultural Credit. Loans to societies and individuals may also be made on real estate, chattel mortgage or personal guarantee.

An Act of 1933 provides for State loans on wheat mortgage to agriculturists through syndicates and legally constructed associations. Law on Agrarian Reform—September, 1932.

Decree establishing the concession of loans on wheat mortgage to agriculturalists up to a limit of 250,000 tons—May 9, 1933.

Decree constituting the " Syndical Federation of Rice Growers " and specifying compulsory membership for persons growing rice in certain provinces—May 17, 1933.

Decree relating to the National Agricultural Credit Service—May 24, 1933.

Order fixing as from July 1, 1933, the rate of interest on credit accounts with banks operating in Spain, including rural banks and those run by agricultural syndicates—June 20, 1933.

Decree approving the regulation of the above organisation—August 19, 1933.

Decree authorising the use for loans on rice of 5 million pesetas out of the 50 million placed at the disposal of the National Agricultural Credit Service—September 30, 1933.

CATALONIA

Decree approving the new rules of the Bank of Agricultural and Co-operative Credit—March 12, 1935.

U.S.S.R.

The standard constitution for collective farms was issued in February, 1935. There are three types of collective farm—associations for joint collectivisation with live and dead stock held individually (this type is only to be temporary), associations with live and dead stock in common, and communes without any individual property. The last type is rare. The new constitution provides for the voluntary formation of a collective agricultural association with joint ownership of the means of production, joint labour and distribution of income in proportion to work carried out. The land is the property of the State but is granted to the association in perpetual tenure and may not be sold or sub-let. The grant is attested by the receipt of a docu-

ment. The land area may be increased but may not be reduced. Each member receives a garden plot of from ½ to 2½ acres for personal use. Members leaving the association may not recover their former holdings and may only receive land elsewhere if the State has unoccupied land at its disposal. Dwelling houses, livestock up to a certain limit (varying with the type of farming), and poultry belong to members individually. Draft animals and machinery are the property of the association, but members may hire the horses of the association for the cultivation of their gardens. The association undertakes to manage the farm in accordance with State production plans, increase output and keep live and dead stock in good condition. It must establish educational and social facilities and provident funds and services for its members.

New members may be admitted by the general meeting. Rich peasants and persons deprived of civic rights are excluded unless they can bring proofs of good behaviour. Those who have sold their horses and seed (and therefore have nothing to bring to the common stock) can only be admitted if they agree to pay, by instalments, the equivalent value. Members may be expelled by a majority vote at a general meeting at which two-thirds of the members are present. New members must pay an entrance fee of 20–40 roubles per household, which is credited to the indivisible property of the association. Of the value of his property, one quarter to one half is also credited to the indivisible property, and the rest remains the share of the member which may be returned to him in cash if he leaves the association.

The association must fulfil its duties to the State in the supply of produce and must pay in produce for loans granted and for the services of machine tractor stations. A fraction of output (determined by the general meeting) may be sold on the market and the remainder must be distributed among the members. The cash income of the association must be used to meet the running costs of the farm, including taxes and insurances, for allocations of from 10 per cent. to 20 per cent. of the total to the indi-

visible capital, to repay long term credits, for social purposes, and for wage labour in building, etc. The balance may be distributed among members. Current funds shall be lodged in a bank. All work shall be carried on by members except (1) that requiring technical experts, (2) seasonal labour. Members are divided into groups charged with special branches of farming and operating on a piecework basis with standards of output and rates of payment per working day determined by the management and confirmed by the general meeting. The work of each member is calculated at least weekly by the group leader, and a complete statement for all workers is issued monthly by the management. A complete statement of the year's work is issued two weeks before the annual general meeting and is checked by the accountant, group leader and chairman of the association. Premiums are payable for increased output and to shock workers and group leaders. Deductions are made for reduced output. Members are entitled to advances during the year not exceeding 50 per cent. of the total sum. Advances in kind may be granted from the beginning of threshing and in the case of industrial crops advances in cash up to 60 per cent. of the receipt of the association for deliveries. Penalties are provided for indiscipline, bad work and peculation. (A member may be compelled to do bad work over again without payment.)

The association is managed by the general meeting, which elects a managing committee and a supervisory committee. Elections must be ratified by the Provincial Soviet. Decisions of the management committee concerning production plans and estimates, contracts with machine tractor stations, admission and expulsion of members, balance sheet and distribution of funds must be approved by a general meeting at which half the members are present, or, for certain matters, two-thirds. The management committee consists of from five to nine members elected for two years. The principal officials are the chairman and accountant. The supervisory committee is engaged in auditing and checking the financial aspects of the association's work.

It may be noted that a number of decrees lay down a

differential scale of taxation bearing less heavily on members of collectives than on individual peasants.

A decree of September 29, 1935, abolishes the consumers' co-operative movement in towns on the grounds that its work can be more efficiently carried on by the departments of Workers' Supply attached to the factories and by the State trading system, and directs the Central Union to concentrate on the reorganisation of rural consumers' societies, the efficiency of which leaves much to be desired. The functions of the Central Union are in the main confined to organisation and planning. New district stores carrying a large range of goods will be opened , small and inefficient stores will be closed. Levies on local stores for contributions to central organisations will be replaced by deductions to be used for the construction of central warehouses and bakeries. Considerable State funds will be made available for reorganisation purposes, including an increase in salaries. Under a previous decree, wages will be in proportion to turnover.

Order placing factory co-operatives under the control of the factories' management—December 4, 1932.

Order giving the model contract between tractor stations and *Kolkhoses*—February 5, 1933.

Order reinforcing the struggle against theft and waste in Government and commercial co-operative enterprises—February 16, 1933.

Order concerning the concession of seed loans to the *Kolkhoses* and *Sovkhoses* of the Ukraine and the North Caucasus—February 25, 1933.

Order concerning the banking network for the financing of socialised agriculture and the indivisible funds of the *Kolkhoses*—March 9, 1933.

Order concerning the organic structure of Forestry Co-operative Societies—March 9, 1933.

Order concerning factory co-operation—March, 1933.

Order concerning the procedure of withdrawals from *Kolkhoses* —March 17, 1933.

Order concerning payments in kind by *Kolkhoses* to tractor stations for services received—June 25, 1933.

Order amending legislation concerning producers' co-operative societies—July 5, 1933.

Order making regulations for the allocation of the funds of *Kolkhoses* for various purposes and for the distribution of grain to members in proportion to the days of work—August 2, 1933.

Orders concerning assistance to members of *Kolkhoses* without cows for the purchase of cows—August 14, 1933.

Order concerning the liquidation of hunters' co-operatives and the reorganisation of integral co-operation—August 17, 1933.

Order concerning the allocation of funds to different purposes in *Kolkhoses*—August 18, 1933.

Order making regulations for the distribution of coarse grains to members of *Kolkhoses* on a basis of days of work—August 21, 1933.

Order changing the name of the Bank for the Financing of Socialised Agriculture to "Agricultural Bank"—August 27, 1933.

Order concerning the supply of consumers' co-operatives—August 28, 1933.

Order concerning cash advances to *Kolkhoses*—September 8, 1933.

Order concerning the supply of *Kolkhoses* producing selected flax seed with wheat, butter, cake and general goods—October 10, 1933.

Order concerning faults in the preparation for the wintering of stock in *Sovkhoses* raising cattle for *Sovkhoses* engaged in cereal cultivation and stock breeding—November 2, 1933.

Order concerning facilities granted to members of *Kolkhoses* without cows for the acquisition of cows—November 9, 1933.

Order concerning the wheat trade of *Kolkhoses*—November 9, 1933.

Order amending the order of August 17, 1933, relating to the winding up of hunters' co-operative societies and the reorganisation of general purposes societies—November 17, 1933.

Order concerning conventions with *Kolkhoses* and with individual peasants for the supplying of wood and the driving of logs—November 19, 1933.

Order concerning the wintering of cattle in stock-breeding *Kolkhoses*—December 4, 1933.

Order concerning the *Sovkhoses* and the cultivation of cereals—December 22, 1933.

Order concerning the supply of motor fuel to *Sovkhoses* and motor tractor stations—December 22, 1933.

Decree relating to local taxation and members of *Kolkhoses*—May 31, 1934.

Order cancelling the debts of *Kolkhoses* contracted to the Land Bank before January 1, 1933—December 23, 1934.

Order promulgating a standard constitution for collective farms—February 17, 1935.

Order fixing remuneration in rural co-operative societies in proportion to turnover—July 5, 1935.

Decree on the Reorganisation of *Centrosoyus* (abolishing consumers' co-operative societies in towns)—September 29, 1935.

Order on the work of consumers' co-operative societies in the country—September 29, 1935.

U.S.A.

WISCONSIN

According to a law recently passed by the State Legislature of Wisconsin, co-operative marketing and consumers' co-operation must be taught in all state schools in Wisconsin from September 1, 1935. The law, which was passed by the Senate in August, states that co-operative marketing shall be taught in " every common school ; that the University, teachers' colleges, normal schools and every public high school and vocational school shall prescribe adequate and essential instruction in co-operative marketing and consumers' co-operation ", and that knowledge of co-operation shall be required for a certificate to teach economics, social studies or agriculture. The State Superintendent of Public Instruction and the Dean of the College of Agriculture at the State University will prepare outlines and other text materials for guidance to teachers of these courses.

Law on Co-operative Instruction—August, 1935.

YUGOSLAVIA

In the following paragraph notes are included of several early co-operative acts omitted from previous surveys. The first Co-operative Law applying to the Kingdom of Serbia dates from December 3, 1898. It applied to agricultural co-operative societies and co-operative societies of artisans. It defined a society, its aims and activities, provided for control and supervision and exempted from direct taxation. A law of August 13, 1897 had already established a loan fund for agricultural co-operative societies. Other privileges were granted by the laws of October 4, 1899 and January 26, 1900, and the General Union of Serbian Agricultural Co-operative Societies was given auditing rights by the Act of January 26, 1904. A Law of September 21, 1929, on the promotion of agriculture, makes provision for the encouragement of agricultural co-operation. Other recent laws referring to particular

branches of co-operation are the Law on the Establishment of Agrarian Communities (1922); the Law dealing with the formation, scope and centralisation of co-operative health societies (1931); the Law on Stock-Breeding (1929) and the Law protecting co-operative credit societies and their unions against concessions by the State to debtor farmers (1933).

A Law of December 1932 revised the Law of 1925 on agricultural credit. It provides for an agricultural credit organisation based on the local co-operative credit societies, the provincial union and the National Union. The object of co-operative credit societies is stated to be the collection of their members' savings, the provision of credits and the lowering of the costs of agricultural production. Societies may be with limited or unlimited liability. The former involves liability for shares together with an additional guarantee. No society may be formed unless share capital is one quarter paid up, and no member may receive credits till his share capital is fully paid up. Societies approved by a competent authority to whom rules have been submitted become legal persons. They are formed for an indefinite period. Dissolution takes place on bankruptcy, by decision of a three-quarter majority at a general meeting, or by decision of the provincial union if the society has acted irregularly, has ceased to function or has a membership of less than 15. The National Union issues model rules which must cover the conditions of admission and withdrawal of members, area in which societies operate, value of shares and dates and extent of payments, liability, reserves, method of checking and auditing accounts, method of calculating and allocating losses, methods of electing, duties, etc., of management and supervisory committees and secretary-treasurer, members' voting rights, summoning and conduct of general meetings, publication of society's decisions, arbitration.

Members may be agriculturists or agricultural co-operative societies and must belong to the same district. The minimum membership is twenty. Only one society in each district may be registered under the present law and be

a member of the provincial co-operative. Officers and committees may be dismissed by the provincial co-operative or the National Union if their administration is unsatisfactory and replaced by others pending the next annual meeting.

Societies may make short and medium term loans to their members for agricultural purposes. Loans may be made on personal guarantee, pledge of state securities, chattel or land mortgage. The rate of interest must exceed that paid on members' shares. Societies may receive deposits from their members and others at rates of interest lower than those charged on loans and may borrow from or through the provincial co-operatives on the security furnished by borrowing members. A balance sheet must be drawn up annually and all profits placed to reserve. In the event of the dissolution of the society any remaining funds are lodged with the provincial co-operative for the use of a new society in the same neighbourhood. Co-operatives have a lien on the shares of debtor members. Existing co-operatives and similar credit institutions may transform themselves into societies under this Act if they so adapt their rules and are accepted by the provincial co-operative.

Membership of a provincial co-operative consists of local co-operative credit societies and central associations of agriculturists, including agricultural co-operative unions. Provincial co-operatives serve a stated district within which not more than one can exist at the same time. They are controlled by management and supervisory committees elected by their members, which may include honorary members elected by the general meeting. Honorary members may never exceed one-fifth of the members of committees. The staff of a provincial co-operative includes director, accountant and inspectors appointed by the Committee of management. The Director may not be a member of either committee.

The provincial co-operatives make loans at short, medium and long term to their member societies, the latter with the guarantee of the co-operative or mortgage on the property of the person for whom it is intended. They receive

deposits from member societies, credits from the Privileged Agrarian Bank and other institutions, and subsidies from the State and others. A balance sheet is drawn up annually. Profits are allocated three-quarters to reserve and one-quarter to co-operative education. In the event of the dissolution of a provincial co-operative, its funds are lodged with the National Union for the use of a provincial co-operative taking its place.

The National Union of Agricultural Credit Co-operatives is a federation of provincial co-operatives (for whom membership is compulsory) together with honorary members who may not form more than one-fifth of the membership of committees. Its rules must be approved by the Minister of Agriculture from whom it receives certain subsidies, together with the funds of the National Central Loan Bank now in liquidation. Its functions are inspection, supervision, advice and education.

Societies, local and provincial, are exempt from all taxation including postage. Their books and general proceedings are subject to public control. In the case of debtors who fail to repay loans the society has the right to resume the objects for whose purchase the loan was made, nor may such objects be pledged until repayment is complete. Provisions are made for the transition from the existing system of agricultural co-operative credit to that laid down under the present law, especially for the transference of the assets of existing institutions.

Law establishing a loan fund for agricultural co-operative societies —August 13, 1897.

Law on agricultural co-operative societies—December 3, 1898.

Law on agricultural co-operative societies—October 4, 1899.

Law on agricultural co-operative societies—June 26, 1900.

Law conferring auditing rights on the General Union of Serbian Agricultural Co-operative Societies—January 26, 1904.

Law on the establishment of Agrarian Communities—1922.

Law on the promotion of agriculture—September 21, 1929.

Law on Stock Breeding—December 21, 1929.

Law on co-operative health associations—December 31, 1931.

Ordinance amending the law of June 12, 1935, on agricultural credit, the law of April 16, 1929, on the privileged agrarian bank amended and completed by the laws of February 25, 1930, March 27

and December 5, 1931, and October 3, 1929, dividing the kingdom into administrative districts—December 21, 1932.

Regulations for the application of the law of June 12, 1925, on agricultural credit as amended by the ordinance of December 21, 1932—March 21, 1933.

Law for the protection of co-operative credit societies and their unions—November 23, 1933.

BOOKS, SURVEYS AND REPORTS

The World Economic Survey, 1934–35. League of Nations.

Considerations on the present Evolution of Agricultural Protectionism. League of Nations.

Report of the Director, 1935. International Labour Office.

XVI^me Congres International d'Agriculture. Budapest, 1934. Actes, 3 vols.

Proceedings of the International Conference of Agricultural Economists. Bad Eilsen, 1934.

L'Organisation Internationale de l'Agriculture. By F. Houillier. Librairie Technique et Economique.

World Agriculture : An International Survey. Oxford University Press : Humphrey Milford.

World Dislocation and World Recovery. By W. C. H. Knapp. P. S. King & Son, Ltd.

Reshaping Agriculture. By O. W. Willcox. George Allen & Unwin, Ltd.

Nations Can Live at Home. By O. W. Willcox. George Allen & Unwin, Ltd.

The World Economic Survey issued by the League of Nations has reached its fourth year. That year it characterises as one of " unsettlement ", but in spite of a disturbed currency situation and ill-adjusted prices, the report can still speak on its last pages of the " persistence of recovery ". The chapter devoted to agriculture is perhaps less encouraging. It records a fall in production for the first time in many years, a fall for which North America and especially the United States has been largely responsible. This has been coupled with a paradoxical rise in the agricultural output of the industrial countries of Europe. With these two developments has gone a fall in consumption, both quantitative and qualitative. Consumers are being driven back from meat, fruit, vegetables and dairy produce to bread and potatoes. This, as the report points out, is both bad nutrition and bad agriculture, and the policy of " creating scarcity " receives comments which are both severe and just.

The essay on *Agricultural Protectionism* issued recently by the Economic Committee of the League of Nations has been severely criticised by some of the agricultural interests, but it appears in general a balanced review of a complex situation, and few except the fanatics of national isolation would quarrel with its conclusion that " the solution of the agricultural problem can . . . only be sought in an evolution towards the resumption of regular economic relations —an evolution which must occur simultaneously in the sphere of industry, commerce, currency and finance ". The report is perhaps over-optimistic in assuming that such a resumption can be achieved easily, rapidly or with the support of many of those most closely concerned. In addition to the general essay on policy which is printed first, there are two valuable appendices which actually take up the greater part of the book and are concerned with the history of agricultural protectionism during the past century, and especially in the post-war period, the latter with ample statistical illustration.

The Director of the International Labour Office in his Annual Report is accustomed to take wide views and, in contemplating the economic history of the year, to pick out the line of thought or action which gives it its peculiar character. In 1934, a year of perceptible, but nowhere very striking, recovery from the depths of depression, he finds it in a change of attitude. " The fatalistic faith in the benevolent operation of economic law is everywhere giving way to the demand for systematic collective action." This demand comes even more from peoples than from governments. It is no mere product of despair, but promises to endure and strengthen even after recovery has set in. The world has been brought " to a turning-point from which there is no retreat ". The old distinction between economics and sociology is disappearing and it is the first effects of this new attitude on the handling of unemployment which forms the main subject of the report. Valuable progress is recorded but, as it is pointed out, the approach is still exclusively national, and the necessary international completion lies in the future. The report has little specific

to record of agriculture, though there is a reference to the overdue extension of social insurance to the countryside.

The Sixteenth International Congress of Agriculture was held in 1934 in Budapest, but its proceedings have only recently been published. They include the reports submitted on all subjects dealt with by the eight sections into which the Congress normally divides its work, as well as a note of the discussions. The Co-operative Section was on this occasion principally engaged in the consideration of the possibility of establishing international co-operative statistics. Statistics of this type are already issued by the International Labour Office, but it seems to have been thought that something fuller might be attempted by the agricultural co-operative societies themselves and many countries contributed statements regarding existing sources of information and reflections on the ideal scope of international statistics. Reports were also submitted on the co-operative handling of dairy produce, and the Economic Section dealt with the planning of agriculture and the trade in meat and livestock.

A meeting of more restricted scope, the International Conference of Agricultural Economists, held in Germany in the same year, has also published the reports submitted by its members. These cover national policy in agriculture, further defined as the " forms, limits and stages of planned economy ", the social and economic aspects of farm organisation, which called forth an interesting comparison of the family holding and the collective farm, population growth and experience, and international policy, dealing with monetary, currency and debt problems and with attempts at international price stabilisation. The collection forms an interesting record of experience and opinion, coming in many cases from well-known authorities.

In *L'Organisation Internationale de l'Agriculture*, M. Houillier has confined himself, with commendable realism and restraint, to the exact and limited meaning of his title. He has not drawn up yet another perfect scheme for the international planning of agriculture. He has compiled a record, as valuable as it is difficult to find in any other

publication, of the actual existence, numbers, history and character of international bodies concerned with any aspect of agriculture and of international action successfully undertaken. He begins with what appears to be the oldest, the unofficial but influential International Commission of Agriculture, passes to the official International Institute of Agriculture at Rome and thence to the representation of agriculture in the League of Nations and the International Labour Office as well as in unofficial bodies like the International Co-operative Alliance. The second part, the author has called "From Theory to Practice". In it he describes international action to combat pests and plagues, international statistical services, measures to restrain fraud and the misuse of names. A section deals with the economic crisis and measures, including the abortive credit machinery of the League of Nations, which were taken to end or mend it. Several chapters are devoted to particular commodities —wheat, rubber, wool, etc.—and there are short sections on co-operation and on social political action. "Comment", says the author, "de ces accords fragmentaires pourra sortir une entente plus vaste?" It is a question on which much of the world's future depends, but at least it can be said that the fragments have more the look of building materials than of ruins.

The survey of World Agriculture compiled by members of the study group of the Royal Institute of International Affairs was issued in the darkest days of the depression, so that it may be doubted whether its motto *Spes alit agricolam* was intended to be ironical or heroic. The authors of the survey, however, are concerned with broader issues than the immediate crisis. Unlike many writers, they do not look upon the expansion of agriculture as a post-war abnormality; it was already foreshadowed by the advances of the preceding quarter of a century, and here the scientific development in agriculture seems to them more significant than the mechanical. Starting with this point of view, it is natural that they should regard agriculture as a passive rather than an active factor in the economic crisis, and should look for the solution of that

crisis in general political, financial and economic improvements and especially such as will bring about " a continuous rise in the standard of living ". In comparison, the rationalisation of production and marketing by the agriculturist himself (all too briefly mentioned in a chapter mainly devoted to State schemes for control and valorisation) can have but a subsidiary importance, while State measures of restriction may alleviate the symptoms of distress but cannot remove its causes.

To Dr. Knapp, on the other hand, agriculture is " the touchstone of economic world events ". His book, *World Dislocation and World Recovery*, is a translation from the Dutch and bears the curious stamp of moral judgment and (usually) censure applied to economic phenomena which often characterises the Dutch approach. Its main thesis—the desirability of a complete return to free competition and the primitive form of economic liberalism—has less to do with agriculture than his opening profession of faith might seem to indicate. The book, which contains an interesting attempt to trace the attitude to agriculture of different schools of economic thought, is marred by an excess of platitude and by assumptions which do not seem to have been checked by actual contact with the aspects of economic life discussed.

Under the title *Reshaping Agriculture*, Dr. Willcox deals with that scientific progress in agriculture which has brought us " to the verge of a revolution " not merely technical but also economic and social. " The ruthless application to the best lands of the best methods within our reach would throw four-fifths or more of our farm lands out of use and expel four-fifths of our farm population from the open country." It is the agricultural counterpart of the more familiar process which has already produced its millions of urban unemployed. Inevitably, the authors' solution cannot be expressed in such precise terms as he uses to describe the problem. Like most modern thinkers, he is for using the wealth of nature and intelligence to the full and of adjusting the present disequilibrium by some process of rationing both of production and consumption.

This will hardly be enough for the practical economist or politician, even though the author has given a perhaps too flattering prominence to the Queensland and English marketing schemes as examples of what rationing of production may do. In a second book Dr. Willcox sets out to answer the question "What is the maximum number of persons who can exist on the produce of one acre, or one square mile, of arable land?" Dr. Willcox finds in the resources of agrobiology a solution of the problems of what he calls the new malthusianism, the pressure of population on the food supplies not of the world but of nations which deliberately insist on living behind locked doors. There is no doubt of the interest of much that Dr. Willcox has to say but the At Home to which he invites us bids fair to be a depressing function.

Wheat Studies of the Food Research Institute, Stanford University, California.

International Wheat Policy and Planning. $.75.

World Wheat Survey and Outlook, January, 1935. $.50.

The Dispensability of a Wheat Surplus in the United States. $.50.

Pacific Northwest Wheat Problems and the Export Subsidy. $1.00.

British Preference for Empire Wheat. $.50.

Britain's New Wheat Policy in Perspective. $1.00.

Agricultural Russia and the Wheat Problem. By Vladimir P. Timoshenko. Food Research Institute. Grain Economic Series, No. 1.

Proceedings of the World's Grain Exhibition and Conference, 1935.

Probably no single crop has received comprehensive and informed treatment extended over a number of years which can compare in importance to the series of Wheat Studies issued by the Food Research Institute of the University of California. Several valuable additions to this collection have appeared recently. *International Wheat Policy and Planning* is in the first place a survey of such attempts as have been made to control internationally the trade in wheat. It covers both the limited, and within its limits, successful war-time machinery for the rationing of a demand which exceeded the supply, and the very

different and much more hazardous attempt of the International Wheat Conference of recent years to ration a supply in excess of all effective demand. The Wheat Agreement embodying this latter attempt is described by the author with brutal frankness as little more than " an illustration of much ado about nothing " and its prolongation as having " not the semblance of content ". From such historical exposition, the study turns to the technical difficulties—the illusive data, the problems of control, the heterogeneous character of wheat as a commodity and its interdependence with other and especially monetary aspects of national economy—all of which would have to be met by any system of international planning. Even if the author be regarded as too pessimistic when he concludes that " international operation is seen to be outside of the appraisable technique of effective planning ", the difficulties are inescapable and a knowledge of them will check much useless theorising.

A *World Wheat Survey and Outlook* for January, 1935, covers supplies and estimated stocks, the volume of trade in the previous quarter, the course of prices, the relation between prices in different markets and the outlook for the future, including the effects of the Argentine Grain Board and the measures of control in Canada, which at that period had not yet reached the stage of a State marketing Board.

Two recent studies deal with the domestic wheat problem of the United States. *Pacific Northwest Wheat Problems and the Export Subsidy* describes the local problem of a district with a normal exportable surplus confronted with shrinking outlets. A certain reduction in output has taken place; forced economies in production have reduced the yield, some marginal land has gone out of cultivation. But such a process is not likely to go far while, as in recent years, an export subsidy has been forthcoming. For that reason alone the authors recognise the subsidy as no solution and rather put their faith in a " world return to saner freedom of international trade ". In *The Dispensability of a Wheat Surplus in the United States* the authors tackle a

larger problem and reach rather different conclusions. Before the War, they point out, the United States export of wheat was already declining, and home production and home consumption were approaching equilibrium. The process was artificially interrupted; now it has been resumed and should be consummated even if a readjustment of trade and transport is thereby made necessary. "In short, an export surplus of wheat is by no means indispensable to the United States."

Two volumes, not quite so recent, deal with British affairs. *Britain's New Wheat Policy in Perspective* gives the historical background, the actual provisions and the earlier working of the Wheat Act of 1932. It also touches on other aspects of British agricultural policy as revealed at Ottawa and in the Agricultural Marketing Act. "As they stand the new (Wheat) measures are both ingenious and moderate." This favourable judgment, however, is accompanied by its critical safeguard: "The influence of the present measures on the world wheat situation will not be large, though in the direction of retarding solution of the world problem of surplus wheat," and again, "The new program calls for far-reaching experiments in commodity control and agricultural planning, the outcome of which cannot safely be predicted." *British Preference for Empire Wheat* is concerned solely with the international aspects of the new wheat policy. It analyses the "Wheat Status" of the British Empire, the probable effects of the preference and the experiences of its first season and reaches the conclusion that the duty will probably prove too low to give effective preference to Empire wheats over those of any other country but the United States.

A work on a larger scale and forming the first volume of a forthcoming Grain Economics Series, is *Agricultural Russia and the Wheat Problem*, by Vladimir P. Timoshenko, also published by the Food Research Institute. It covers all aspects, historical and actual, of Russia as a producer and exporter of wheat. To co-operators, the most interesting chapters are those dealing with the collectivisation of grain production and with the methods of State or co-

operative marketing. In both these departments the author is severely critical, but his judgments gain weight from the objective manner in which materials and opinions are alike presented. That the collective farms as at present constituted have any claim to be called co-operative, he sees little evidence. As a State experiment in large-scale farming, they can hardly be judged till time has passed and more abundant and reliable data is forthcoming, " but it may be said with no hesitation that the Soviet Government took upon itself too heavy a burden and one which could have been placed on the shoulders of the peasants, at least while the State was engaged in the tremendous project of industrialising the country in accordance with the Five Years Plan." Of the collection of grain through the Machine Tractor Stations the author is equally critical, seeing in it " an ingenious system for the control of the activity of millions of peasants through a few thousand M.T.S. with all the means of production in their control."

The World's Grain Conference of 1933 was widely attended by men of knowledge and standing in the wheat circles of many countries. The papers delivered by them have been collected in two volumes of which the first deals with the political, social and economic aspects of wheat. Many of these papers are of much more than passing interest, representing the experience of specialists which might not under other circumstances have found its way into print.

Publications of H.M. Stationery Office.

Report on Agricultural Marketing Schemes. 1935. 1s. 6d.

Report of the United Kingdom Sugar Industry Inquiry Committee. 1935. 2s.

Unemployment Insurance Act, 1934. Report of the . . . Committee . . . on the Insurance . . . of persons engaged in . . . Agriculture. 1935. 1s. 3d.

The Herring Industry. First Report of the Sea Fish Commission. 1934. 9d.

Vegetable Marketing in England and Wales. Economic Series, No. 25. 1935. 1s.

Report of the Reorganisation Commission for Eggs and Poultry for England and Wales. 1s.

Report of the Reorganisation Commission for Eggs and Poultry for Great Britain. 1s.

Twenty-third Report of the Department of Agriculture for Scotland. 1935. 2s.

An Economic Survey of Small-Holdings in Scotland, 1934. 1935. 1s.

Report of the Agricultural Reorganisation Commission for Eggs and Poultry for Scotland. 1935. 1s.

Milk Consumption in Scotland. 1934. 9d.

Report on the Marketing of Potatoes in Scotland. 1933. 1s.

Report on the Marketing of Livestock in Scotland. 1933. 1s.

First Report of the Commissioner for the Special Areas. (England and Wales), 1935. 2s.

Report of the Commissioner for the Special Areas in Scotland. 1935. 6d.

The year 1935 was unusually rich in important Government publications dealing with agriculture, marketing or some aspect of land settlement. They mark a phase of public activity which might have given its peculiar political flavour to the year but for the international complications which overshadowed its close.

The *Report on Agricultural Marketing Schemes* was issued in the spring and so dealt mainly with events of 1934. It tells concisely the story of the various Milk Schemes, the Hop Board, the Pig and Bacon Boards and the Potato Board. Briefer notes describe the schemes submitted but not yet in operation, which include some minor Scottish milk schemes, the revived Scottish raspberry project and the more important and controversial sugar and sugar beet proposals. In conclusion, statements of income and expenditure, receipt of State loans and balance sheets for the existing boards are set out in full.

The *Report of the United Kingdom Sugar Industry Inquiry Committee* familiarly known as the Greene Committee, was a remarkable document and has probably provided more and sharper stones for the slings of opponents of the Government's agricultural policy than any other publication. The recommendations of the majority report appear, for the time at least, to have been set aside, but its findings deserve study if only for their revelation of the speed with which special interests can take root, increasing their ramifications and their grip and the difficulty with which

they can be dislodged. The use of the Agricultural Marketing Act to create a manufacturers' monopoly is severely criticised, but amid much which is unpleasing, it is something to note that the formation of a beet producers' board is advocated by the most critical section of the Committee as beneficial and within the intention of the Act.

The Report of the Committee " on the insurance against unemployment of persons employed in agriculture " may, if its recommendations are adopted, mark an epoch in the history of the agricultural labourer. It may be the first step to ending the disquieting inferiority of his status and reducing the gap, moral and material, which separates him from the skilled or, still more unreasonably, from the unskilled worker of the towns. It would be idle to pretend that the motives which bring this change within sight are all or even mainly altruistic. Rural unemployment has for the first time become a considerable factor, bringing with it a strain on the rural rates and a recognition of the merits of insurance. The scale of contributions and benefits proposed is lower than that in industry, but a scale out of proportion to the current rate of wages is obviously impracticable and the scheme has been welcomed by the workers' unions and by the more level-headed employers.

The first Report of the Sea-Fish Commission dealt with the *Herring Industry*. It was issued toward the end of 1934 and led to the formation early in the following year of a Herring Board under the Agricultural Marketing Act. The Report contains a valuable survey of the industry, its conditions, expenditure and returns.

The latest addition to the series of Orange Books deals with *Vegetable Marketing in England and Wales*. It comes as a straggler after many parallel volumes dealing with other commodities, but it has been worth waiting for, since probably nothing so comprehensive has been published, dealing with the whole process, from assembling and packing, through transport and distribution, to the ultimate consumer, his tastes and the stimulation of those tastes by advertisement. Though the main preoccupation is naturally with England, features of the earlier and later

Orange Books have been so far combined that a record of English practice has been accompanied point by point with references to methods of foreign countries, more especially the great vegetable producing districts of France and the Low Countries. In particular, ample justice is done to the developed system of co-operative sale, backed by co-operative finance which has grown up in Holland.

The *Report of the Reorganisation Commission for Eggs and Poultry for England* was issued early in 1935 and immediately aroused a lively controversy in the agricultural press. It is full, well documented and contains a number of proposals differing considerably from all other schemes. The *Report of the Reorganisation Commission for Great Britain* is also available and makes proposals for the control of imports in connection with a marketing scheme.

The Department of Agriculture in Scotland has contributed not a little to the recent flow of agricultural publications. The *Report* of the Department itself refers, with relative brevity, to the development of marketing schemes in Scotland and contains a general survey of agricultural conditions as well as of the work of the Department.

An Economic Survey of Small-Holdings in Scotland deals with 201 small-holdings divided into 16 groups, nearly all in the southern half of Scotland. The data may be roughly described as income and expenditure plus balance sheet particulars, but it must be remembered that very few small-holders could produce regular accounts and that much information was oral and sketchy. The holdings were divided into groups—dairying, with several sub-divisions according to the method of disposal, mixed farming, market gardening, pig keeping and poultry keeping. Success is measured by net earnings per family worker, which varies from £255 a year in the case of the larger poultry holdings, to £23 in the case of mixed holdings under unfavourable circumstances. In general, the dairy and poultry holdings rank highest. The survey is limited in scope and the authors advance their conclusions with the necessary caution, but they represent a beginning in the study of a subject which has often called forth more controversy than knowledge.

The *Report of the Scottish Reorganisation Commission for Eggs and Poultry* was published about the same time as that for England and followed similar lines. Reports on the marketing of *Potatoes* and *Livestock* in Scotland appeared at earlier dates. They were not the work of Reorganisation Commissions but were rather an extension of the Orange Book methods to Scotland. The survey of potato marketing does not even contemplate the reorganisation of the industry under a marketing board with compulsory powers. It concludes a survey of production, markets and the factors affecting price with a cautious and critical estimate of the power of voluntary co-operative organisation to increase the farmers' returns and a strong plea for extended market information. The report on livestock makes no recommendations but it provides a careful analysis of the various sources of supply, both Scottish and Overseas, of the demand, both in Scotland and England, of the movements of livestock, the methods of sale and slaughter, including the well-known livestock auction marts and the peculiar financial position which they have assumed, and finally of prices and the factors affecting them. The comparison with English conditions, described in an Orange Book of some years ago, makes interesting reading and indicates some of the problems which confronted the Reorganisation Commission.

From two other official sources come publications bearing on the future of agriculture. The Department of Health for Scotland has published the results of an inquiry into the consumption of milk in Scottish households. It is based on information supplied by consumers' co-operative societies, retail dairymen, health visitors and the senior pupils of schools. According to this estimate, the *per capita* consumption ranges from less than a quarter of a pint a day in the depressed industrial districts round Glasgow to over a pint in the prosperous agricultural area of Aberdeen. For the whole country the average is put at just under half a pint, a slightly higher figure than that usually assumed for Great Britain as a whole.

The *First Report of the Commissioner for the Special Areas*

is a document of great general interest. From the agricultural point of view, one section, that dealing with settlement on the land, is of primary importance. It gives a full statement of the legal, financial and other difficulties which stand in the way of large scale settlement of men on self-sufficient holdings, but describes the work "helpful, if small in relation to some estimates" which have been carried out by the Land Settlement Association and others or is in immediate contemplation. The report also touches on group holdings, praised for the "physical and moral benefit they confer on the men engaged" and as valuable training ground for a full time holding and on allotments. A similar section is to be found in the report submitted by the Commissioners for Special Areas in Scotland.

The Agricultural Marketing Acts. By H. M. Conacher. W. Green & Sons, Ltd.

The Agricultural Marketing Acts and Schemes. By N. E. Mustoe. The Estates Gazette, Ltd.

The Agricultural Register, 1934–35. Agricultural Economics Research Institute.

Co-operation and the New Agricultural Policy. The Horace Plunkett Foundation. P. S. King & Son, Ltd.

The Planning of Britain's Food Imports. By K. A. H. Murray and Ruth L. Cohen. Agricultural Economics Research Institute.

Unity, National and Imperial. By H. Martin Leake. George Allen & Unwin, Ltd.

The Next Five Years: An Essay in Political Agreement. Macmillan & Co.

Can Land Settlement Solve Unemployment? By George Herbert. George Allen & Unwin, Ltd.

Self-Subsistence for the Unemployed. By J. W. Scott. Faber & Faber.

Land Settlement. A report prepared for the Carnegie United Kingdom Trustees. By A. W. Menzies-Kitchen.

Back to the Land. By C. S. Orwin and W. F. Darke. P. S. King & Son, Ltd.

The Agricultural Dilemma. A report of an Inquiry organised by Viscount Astor and Mr. B. Seebohm Rowntree. P. S. King & Son, Ltd.

The Land. By Professor R. G. Stapledon. Faber & Faber.

Land Everlasting. By A. G. Street. John Lane, The Bodley Head, Ltd.

English Earth. By Marjorie Hessell Tiltman. George G. Harrap & Co., Ltd.

Planning under Capitalism. By A. W. Rather. P. S. King & Son, Ltd.

Principles of Economic Planning. By G. D. H. Cole. Macmillan & Co., Ltd.

Farming and Money. By J. E. F. Jenks and J. T. Peddie. Williams & Norgate.

National Federation of Women's Institutes Eighteenth Annual Report.

Inevitably the changes in agricultural policy of the last few years are calling forth their own literature. The Agricultural Marketing Acts and their attendant orders confront not only the farmer, but the lawyer, the estate agent and the dealer in agricultural goods with an entirely new set of circumstances. Two books offer practical guidance through the tangle. Mr. Conacher is qualified for his task not only by his position on the staff of the Department of Agriculture but by his services as consultant during the drafting of the Marketing Bills and in the earlier stages of the schemes. He writes primarily for Scotland, but there is little in his book which is not equally applicable to Great Britain as a whole. He prints in full the Marketing Act of 1931 as amended by the first Act of 1933, with explanations and illustrations printed in smaller type in the text. The second Act of 1933 follows with a similar commentary, and the work concludes with Appendices giving a list of the relevant statutory rules and orders, a short account of the leading marketing schemes and an extract from the Milk Act of 1934. The book is preceded by an introductory essay which not only summarises the scope and purpose of the Acts but makes a number of highly interesting points regarding their effect on English law, administration and business practice. Mr. Conacher suggests that a Marketing Board " is not like the managing committee of a co-operative society, but a more or less independent body, controlling the acts of majority and minority alike ". On the other hand, he shows that the Board can never establish more than a negotiated retail price, so that the consumer, if he is wary, can never be so completely in the hands of the board as the producer. There are some interesting estimates of the part played by

Parliament in shaping the new schemes and of the *ad hoc* committees set up, giving " something like the beginnings of a *droit administratif* ".

Mr. Mustoe's study *Agricultural Marketing Acts and Schemes* is published by the Estates Gazette and may be taken as treating the subject primarily from the point of the land agent and his responsibilities. Inevitably, some of the same ground is covered as in Mr. Conacher's book, since the text of the three Marketing Acts is given in full. Rules and Orders, however, are also given textually, as are the Marketing Schemes actually in force in England (the Scottish Milk Schemes are omitted) together with the relevant import regulations under the Acts. The schemes have further been annotated and cross-referenced, while new ground is broken with chapters on wheat and cattle marketing. Thus, with the exception of sugar beet, the new agricultural policy is fully covered and the book forms a valuable collection of documents which few of those most concerned would have the leisure to collect and collate for themselves. In his introduction, the author traces the development of the marketing schemes from earlier moves in favour of voluntary co-operation and summarises, briefly but clearly, the scope of the new legislation.

When *The Agricultural Register* was first issued by the Oxford Agricultural Economics Research Institute in 1934, it was hoped by all its readers that the publication might become annual. This hope has been realised, and the volume for 1934–35, equals its predecessor in interest and exceeds it in bulk. The year has seen fewer novelties than the previous twelve months and some of its events—the publication of the Sugar Beet Committee's Report, for instance—fell too late for inclusion in this volume. The Introductory Review, however, offers an informed and stimulating commentary on the schemes and other commodity measures in operation, the section devoted to Milk and the peculiar problems of a rising supply and a stationary price being especially valuable. *The Register* devotes a chapter to the International Trade Agreements which bear upon English agricultural markets, including those with

the Argentine, France and the Baltic Countries. Administrative action centres once more round the Marketing Schemes. A section of great interest deals with prices. A slight rise, both in spending power and retail prices was general as between 1933 and 1934 and was produced by a number of factors in which the influence of marketing boards cannot be isolated, but the figures relating to individual commodities, as for example, milk "still relatively the dearest food with the exception of fish", and the relation between English and Danish bacon prices, give matter for reflection. *The Register* maintains the general and statistical sections of the earlier volume.

Co-operators who have worked in the tradition of Horace Plunkett and sought to bring order into agricultural business by voluntary association, are inclined to look with apprehension at modern developments by which in almost every country the State is stepping in to control, subsidise and regiment. In Great Britain the new policy has at least a democratic basis. Does this satisfy those who believe in voluntary organisation? Whether or not Marketing Boards are a new name for Co-operation, can they be judged successful by economic standards? Are they likely to be permanent and how are they affecting the different classes of the agricultural community, farmers, smallholders, labourers, landlords as well as the consumers and the consumers' co-operative movement? In *Co-operation and the New Agricultural Policy*, issued by the Horace Plunkett Foundation, an attempt is made to survey the existing evidence and to draw from it answers to the foregoing questions.

The Planning of Britain's Food Imports, recently issued by the Agricultural Economics Research Institute is perhaps better described by its sub-title, *A Quantitative Study of the Effects of Recent Legislation*. Starting from a statement by Mr. Runciman, "Now we are equipped with a tariff we are able to control trade and to regulate its ebb and flow in a way that had not been possible in the past," the authors set out to trace the changes in the volume and origin of food imports in recent years. For this purpose,

they have constructed a special set of index numbers which show by individual commodities and in groups, the monthly variation in imports during the period 1930–34, divided between Empire and foreign sources. Curves show that the index numbers of these two categories of imports were as a rule some distance apart in the period before 1926, that they approached one another from 1926 to 1931 (the period chosen to represent 100) and that since then they have once more tended to separate in their former direction, the Empire supplies rising and those of foreign countries declining, so that " in so far as the aim of the Government's policy has been to cut down imports and to give the Empire an expanding share of the imports into the United Kingdom, it has been successful ".

That agriculture lags behind industry in the technique of organisation is generally recognised, and many conflicting remedies have been put forward, of which voluntary co-operation and state socialism are two of the most widely canvassed. Dr. Leake sees little to recommend either. His own solution, set forth in a volume of essays entitled *Unity, National and Imperial,* is the limited company, virtually a monopoly, controlling a large area with " tenants " filling the position of *metayeurs,* but under the additional obligation to carry on all marketing as well as purchase through the company. By this means, he hopes to attract capital to agriculture and at the same time provide efficient management, and the system, as he sees it, is equally applicable to English and to tropical agriculture. Dr. Leake is invariably stimulating, if not wholly convincing. He admits that the motive behind his companies is to be profit, and fails to make clear how, with the concentration of such overwhelming power in the hands of shareholders, the interests of the working farmer are to be safeguarded. If, as he also suggests, interest on capital is to be fixed, there seems no very cogent reason for supposing that the holders of gilt-edged stocks will produce a more efficient direction that would result from socialised control. Dr. Leake has also, especially in his study of tropical agriculture, largely ignored the question

of demand, the claims of rival groups to fill that demand, and the possibility that " civilisation ", as apart from the personal ambitions of some of its members, may for many years cease to call for increased agricultural production.

In *The Next Five Years : An Essay in Political Agreement* the authors devote a chapter to agriculture. They express a preference for direct subsidies out of general taxation to more roundabout ways of assisting agriculture, but they do not favour the application of such subsidies to wheat and beet, but rather, on dietetic grounds, to such products as milk, eggs and vegetables. They propose a piecemeal nationalisation of the land, and limited experiments in subsistence farming for the unemployed and in factory farms. Co-operation and the co-operative aspects of marketing schemes are ignored. As sometimes happens in cases of agreement, the results are innocuous but a trifle colourless.

No better illustration of the possibility of drawing totally opposite conclusions from a study of the same subject and roughly the same sources of evidence could be given than two short works on land settlement, *Can Land Settlement Solve Unemployment ?* by Mr. G. Herbert, and *Back to the Land*, by Professor Orwin and Mr. W. F. Darke. The titles are not free from irony. Mr. Herbert propounds a modest inquiry and answers it with an emphatic affirmative. Professor Orwin utters an exordium and proceeds to show that it is meaningless and dangerous. Briefly, Mr. Herbert, supporting his case with statistics of the agricultural output and the agricultural imports of Britain with the history of small-holdings and with estimates of returns, drawn from personal visits to a number of farms, concludes that at least 100,000 new holdings might be set up as the result of a national policy. Professor Orwin, after a fuller historical recapitulation and a more detailed survey, not of farming in general but of the actual experience of statutory small-holders as a body, concludes that while the small farm of from 20 to 100 acres has its place and possibly an expanding place in rural economy, it offers no solution to the unemployment problem and " the cry of ' back to the land ' in the mining villages of Durham " is no more justified

than " the cry of ' back to the village blacksmith's shop ' in Sheffield, or ' back to the hand loom ' in Lancashire ". Professor Orwin is the more convincing, though occasionally (especially touching the standards of living of the peasant farmer) he seems to overstate his case. But those concerned with unemployed should read both books, especially the one which conflicts with their own preconceptions.

A third work *Land Settlement*, by A. W. Menzies-Kitchen, was prepared especially for the Carnegie United Kingdom Trustees. It is a careful and amply documented work and reached conclusions almost identical with those of Professor Orwin, although this author has more to say in favour of the so-called " subsistence " or food producing holding for the unemployed man. Much the same answer is given by the committee under Lord Astor's chairmanship, the findings of which have been published under a title *The Agricultural Dilemma*.

Dr. Scott's book on *Self-Subsistence for the Unemployed* is also to some extent concerned with land settlement since he holds that the land " is the natural absorbent of people without resources," a doctrine which may be questioned. But he shows that the Homecraft movement with which he is concerned aims at something more—namely, a short-circuiting of the monetary system on lines which have much in common with the theory of Robert Owen's Labour Exchanges. Dr. Scott is aware of this parallel. It is not clear how far he has studied Owen's attempt to put theory into practice.

Professor Stapledon would take the land of Great Britain and plan it as a wise landlord would plan his estate, improving, afforesting, rebuilding, finding room for the claims of sport and amenity. His plans would be dictated by respect alike for the natural quality of the land, so that its physical condition and vegetable covering might be brought to an artistic perfection, for the people who are to live on it and for posterity. The core of the book is derived from Professor Stapledon's own justly famous experiments in grassland improvement, but it is much more than a record of scientific and technical progress, however brilliant.

Professor Stapledon admits, or it might be truer to say, boasts, that he has not faced the economic implications of his proposals. There is much, very much, to be said economically for using a subsidy to agriculture for keeping our national estate in general good order rather than for stimulating the output of some particular commodity. But when Professor Stapledon proposes that this should be done in the form of loans, he is on more dangerous ground, since a loan must be repaid out of the commercial yield of the improvement, and without supplementary and perhaps undesirable or politically impossible measures, it is uncertain whether national improvement would yield a commercial return.

The main thesis of Mr. A. G. Street's *Land Everlasting* is that it is worse than futile to subsidise the production of wheat and beet and that any aid to English farming, preferably by way of tariffs, should be devoted to livestock and market gardening. The case is good, perhaps unanswerable, but by so restricting his theme, Mr. Street has produced a work in which he seems to hit, very vigorously and accurately, but much too frequently, the same nail on the head.

In *English Earth*, Mrs. Tiltman has collected a series of sketches of English agricultural life and business as it is today. Here in a popular form are notes which may serve to introduce the townsman to many new or relatively new aspects of food production—national mark eggs and cider, canned vegetables, tuberculin tested milk, flower farming and the recent contributions of science and mechanics to the art of farming.

The *Eighteenth Annual Report of the National Federation of Women's Institutes* records among many other achievements the formation of 17 Women's Institute Co-operative Market Stalls registered under the Industrial and Provident Societies Act and each carrying on from one to four weekly stalls in different country towns. Others exist which have not yet reached the stage of registration, and the total turnover between 1932 and 1934 was £27,563.

Planning Under Capitalism by Mr. A. W. Rather is pre-

cisely what its title indicates, a moderate and intelligent statement of the case for a gradually increased measure of planning under a capitalist system. The first part states the case in theory, the second examines such experiments as have already taken place in Great Britain. Here the author devotes the greater part of his space to agriculture. There is no evidence that he has undertaken much original research into the effects of the marketing schemes upon either the farming industry or the consumer, but he has used his authorities well and produced a clear account of the earlier stages of the new agricultural policy and a summary of opinions on its possibilities and dangers.

In the *Principles of Economic Planning* Mr. G. D. H. Cole also assumes the introduction of planning piecemeal by constitutional means under an economy still largely capitalist in structure. It is, however, definitely a book of the future dealing with what in the author's view should be, rather than what is or even what most probably may be. This is not to say that it is visionary or anything but a piece of sober forward-thinking by a mind holding definite principles. There is a short but clear description of agricultural policy as it exists today, but no detailed proposals for agriculture in the future.

Farming and Money is an attempt to solve agricultural problems by monetary reform. The problems are reasonably stated but the reform is too theoretical and idiosyncratic to carry conviction.

Co-operation: A Survey of the History, Principles and Organisation of the Co-operative Movement in Great Britain and Ireland. By F. Hall and W. P. Watkins. The Co-operative Union.

The Economic Advance of British Co-operation By H. J Twigg. The Co-operative Union.

Britain Reborn. The Co-operative Party.

The Co-operative Apprentice : Foodstuffs Departments. By G. W. Ramsden. The Co-operative Union.

Brick upon Brick : Co-operative Permanent Building Society, 1884–1934. By Albert Mansbridge.

Co-operation : A Survey has been published by the Co-operative Union primarily as a text-book for the many classes regularly formed among its members and employees

for the study of their own movement. It takes the place of an earlier work which has been not so much revised as completely rewritten. The new book traces the idea of co-operation and the theories of the early reformers, the experiments of Owen and the Christian Socialists and the first efforts of the pioneers, and sets them firmly on the already crowded stage of the industrial revolution. It passes to the development of co-operation through wholesale trading and productive enterprise to the modern movement with its complex structure, international contacts and social and educational developments. It may be said at once that the book is admirably adapted to its purpose. Written with sufficient but not excessive simplicity, it deserves special praise for the skill with which co-operation and general history, the organisational and the personal are proportioned and interwoven in a manner likely to maintain the interest of those who cannot themselves supply more than a limited background. Two criticisms may be offered of an otherwise excellent book. As far as consumers' co-operation is concerned, the period between the Rochdale Pioneers and the beginnings of Wholesale co-operation is something of a blank, which research among the records of other early societies might perhaps have done something to fill. The chapter on agriculture is the weakest in the book. The efficiency of the English farm (quite apart from its value as a social organism) is greatly under-rated and the causes of the slow development of agricultural co-operation are not adequately stated. The authors may be pardoned for touching lightly on so recent and uncertain a development as Agricultural Marketing Boards, but the present position of British agricultural co-operation is ignored, though statistics are readily available, while the description of the Irish movement is out of date. These are blemishes on a book which has many excellencies and promises to remain in use for a number of years.

Mr. Twigg's book on *The Economic Advance of British Co-operation* is also a revised edition of an earlier work. It covers the period 1913 to 1934 but is essentially a survey of the consumers' co-operative movement as it exists in

Great Britain today, with references for purposes of comparison to its state at various periods in the course of the last twenty years. Thus it does not compete with but rather supplements the foregoing work. Further, it is an analysis of the movement as a business organisation and does not touch on it in its social, educational or political aspects. As a result of this selective character, it gives in very modest compass all the most important facts concerning retail and wholesale distribution, production, employment, banking and insurance. It should be valuable to all who write or speak on the co-operative movement, or who are themselves a part of it.

The co-operative movement has made a practice of issuing manuals for the use of its young employees, covering the work of different departments. *The Co-operative Apprentice: Foodstuffs Departments* has recently been re-issued in a revised form. It deals with the practical problems of a shop assistant's duties, and in an introductory chapter distinguishes between the co-operative and the ordinary type of shop-keeping.

The Co-operative Party issued a series of pamphlets under the somewhat ambitious title *Britain Reborn*, dealing with the party's policy in the main departments of national economic life. These have now been revised and re-issued in book form with the sub-title, *Work and Wealth for All*. A section, important in proportion to the influence which the Party may be expected to wield, is that referring to agriculture. It is in the main an attack on the system of Agricultural Marketing Boards. Much of it is well grounded, but would gain by more temperate and reasoned statement. The constructive section that follows is more open to criticism, since the proposal for voluntary organisations of producers and consumers affiliated to the C.W.S., though admirable as an ideal is practically without content as a scheme for parliamentary action.

In 1934 the Co-operative Permanent Building Society celebrated its Jubilee with the publication of a history, *Brick upon Brick*. It is a remarkable story of unbroken progress from modest beginnings—the Secretary's salary

for the first year was £7 7s., entered as " due "—to impressive achievement, and it is told by Dr. Mansbridge with sympathy, humour, and an awareness of what lies behind and about material progress. A number of valuable appendices describe the organisation as it exists today and factors in the housing problem with which it has to deal.

Charles Gide : Sa vie et son Œuvre. Revue d'Economie Politique.
Souvenirs de Charles Gide. By Tsunao Miyajima. Receuil Sirey.
Le Coopérateur Albert Thomas. By Ernest Poisson, les Presses Universitaires de France.
Fourrier. By E. Poisson. Librairie Felix Alcan.
Charles Fourrier, pages choisies. Introduction par Charles Gide, Recueil Sirey.
Le Secteur Coopératif. By Dr. G. Fauquet. Les Propagateurs de la Coopération.
L'Union Coopérative d'Amiens. By André Choquet. Librairie Technique et Economique.
L'Assurance Mutuelle Agricole. By Albert Blanchoin. Librairie Technique et Economique.
Les Assurance Sociales et l'Agriculture. By Dr. Henri Digard. Recueil Sirey.
L'Assurance contre la Mortalité Chévaline et Bovine en Belgique. By G. Taminiau.
Le Crédit Populaire. By Loys Moulin, Librairie des Juris-Classeurs.
Les Principes Fondamentaux de l'Economie Rurale Familiale. By E. Burban.
D'Abord la Terre. By Marcel Braibant, Denoël et Steele.
French Import Quotas. By F. A. Haight. P. S. King & Son, Ltd.

The world is poor in personalities. France and the co-operative movement have lost two in tragic succession. Charles Gide and Albert Thomas presented perhaps as many points of contrast as could any two men of the same age and nation, pursuing the same ideals and serving the same movement. Gide, the son of a good legal family, protestant of Southern France, seemed a type of the learned man, intellectually and morally fastidious, self-distrustful, painfully divided between " humane feeling which prompted him to hope and a disillusioned irony ", retiring in his life, courteous yet reserved, disliking, almost fearing travel, hating violence and discord and yet able to say in extreme

old age that the days he had spent in co-operative congresses and committees had been "the best in his life". Thomas, on the other hand, for all his hard won academic training, was a child of the Paris workers. Humane, genial, indefatigable, up to the day of his premature death he lived with splendid gusto. A born propagandist, he enjoyed public life for its own sake. He was swift to combat where combat seemed necessary, confident and rightly confident in all his projects, a world-wide traveller with interests no less wide than his travels. There were paradoxes. Gide, the professor, was frankly more interested in the present and the future than in the past, and preferred intuition and judgment to the minutiæ of research; while Thomas, the man of action, loved history first of the sciences, and was never tired of insisting that full and accurate documentation was the only firm basis of action. A Northerner, he owed not a little to English influences. To look at the physical man was to be reminded, even if distantly, of William Morris. But it was Gide who, "discerning in the present the germs of a better future, judged that future by moral and essentially Christian standards", and who "liked to maintain a certain indefiniteness in discussions of pure theory . . . refraining from elaborating every detail, partly from an instinct that a too rigid logic might lead only to a blind alley, partly because practical problems always seemed to him more urgent"—both attitudes more familiar to the Socialism of England than of France.

The final lives of both men are as yet unwritten, but in the meantime we have for Gide an admirable collection of critical appreciations published by the *Revue d'Economie Politique*, treating of him as man and writer, economist, historian, co-operator, both theoretical and practical, pacifist and moralist; and the intimate if fragmentary memoirs of his Japanese friend and disciple, Tsunau Miyajima. Each section in the *Revue* is written by experts, and it concludes with a valuable, if tentative, bibliography. M. Poisson's book on Thomas, though longer, is deliberately confined to one aspect only of his career, his work in and for the co-operative movement. Here, judiciously illustrated by

Thomas' own writings and speeches, is the story of the struggle for unity within the French co-operative movement and of the relations, often strained, between Co-operation and Socialism ; here is Thomas' plan to give a documentary basis to working-class effort, a plan which was later brilliantly realised on the larger stage of the International Labour Office, and here is the record, perhaps of even greater current interest, of Thomas' successful efforts to bring agriculture within the scope of the I.L.O. and of the triumphant formation, after many efforts, of the International Committee for Inter-Co-operative Relations. That was the last of Thomas' gifts to the world, as the International Institute for the Study of Co-operation was Gide's. Of both men the words of Jaurés, quoted by M. Poisson, might equally be spoken, " A little internationalism divides a man from his country, but great internationalism brings him back to it ; a little patriotism divides him from internationalism, but great patriotism brings him back."

Charles Fourrier takes a high place in the roll of human oddities, but the eccentric traveller in woollens of Napoleonic France had a stupendous imagination. He was the H. G. Wells of his generation in his prophetic fantasy, his confident knowledge of the divine intentions, his sociological preoccupations and the curiously material character of the Utopias he devised. His visions of wireless communication (via the planet Mercury), of rapid transport, modern industrial technique, the Suez and Panama Canals, an international language and an international system of weights and measures, though often touched with absurdity in their details, make up a claim to prophetic gifts that few writers could equal. More important were his remarkable social and psychological intuitions. He preached the principle of association in human affairs at a time when crude competition was proclaimed as the law of life and progress, and taught that men and especially children could best be trained in harmony with their " passions " or inclinations at a time when the educational value of task work was universally accepted. Few have the leisure or the desire to read Fourrier in full with all his voluminous obscurities.

The cream of that chaotic mass was published in one volume in 1890, with an introduction by Charles Gide, illumined by all his wit, clarity and judgment. It was reissued in a revised form shortly before his death. Another recent and somewhat shorter selection from the works of Fourrier has been edited by M. Poisson, and is also preceded by an introduction in which this distinguished French co-operator describes the influence of Fourrier on his own boyish mind. Co-operation, indeed, owes not a little to Fourrier, his theories and his disciples, but, as Gide says, " If co-operation is the child of Fourrier after the flesh she has also a soul, and that she did not receive from him."

The time when theory was half the substance of the co-operative movement and the stuff of co-operative literature and debate is long past; practice and the infinite details of a great business organisation have taken its place perhaps too completely. For this reason, if for no other, there is a welcome for Dr. Fauquet's stimulating essay on *The Co-operative Sector.* In it the author calls on us to reconsider the position of co-operation in the economic system. Can we still contemplate, as did the economists of the last century, the crude simplicity of a capitalist system, one and indivisible, which shall one day be displaced by a co-operative system equally totalitarian? Would it not be truer to admit that the economic system is mixed, and that it may be divided into at least four co-existent sectors, public, capitalist, private (the individual peasant or small trader) and co-operative? Dr. Fauquet goes on to ask what is the special field of the co-operative sector and finds it at the two sensitive ends of the productive process, " the initial phase which confronts the caprices of nature and the final phase which confronts the complex and highly individualised demands of the consumer and his fancies ". In between lie those fields of large scale mechanised processing and transport with which the cruder methods of the state and the capitalist can successfully deal. This, though perhaps one of its most striking conclusions, is by no means the only original reflection on the place of co-operation in the contemporary world which Dr. Fauquet

has to offer, and his little book deserves to be read by all serious students of the movement.

The co-operative autobiography is not uncommon in England. A society, on completing its fifty or seventy-five years of existence, is impelled to set down its memories of struggle and achievement. The co-operative biography, written critically if sympathetically by the detached student, is much more rare. Indeed, no monographic treatment of an English local society comes to mind. It is a pity, since a study like M. Choquet's *L'Union Coopérative d'Amiens* shows what can be done. The Amiens Society, though it does not go back in time as far as many English societies, has some points of peculiar interest. Founded and financed by a group of local trade unions, it seemed for a time to offer a rival system to that of Rochdale. Throughout its early development it was strongly influenced by the example of the Belgian movement across the border, but in the end and after the testing period of the War (when for a few catastrophic weeks it almost replaced the municipal government of Amiens) the society gravitated towards the open membership and political neutrality of Rochdale. M. Choquet's record is full and informative. It is only perhaps to be regretted that he has so sternly relegated passages of humanity and humour to the footnotes.

M. Blanchoin calls his study *l'Assurance Mutuelle Agricole* "an essay on corperative insurance". The reader should not be misled in consequence into thinking that this is a political treatise, still less that it has any close reference to the Italian system for which the word corperative was first coined. The greater part of the work of over 400 pages is taken up with a study as detailed as it is valuable of the legal position and actual working of the French agricultural "mutuals", a co-operative form not to be confused with the capitalistic mutual insurance companies. This study is preceded by a historical survey of insurance from the earliest times, with special attention to those forms which approximated to the principle of mutuality. It is succeeded by an essay of more general application. Humanity, says M. Blanchoin, oscillates between two poles, the individual

and society. The nineteenth century was the age of the individual, the twentieth century looks like being the age of the society regimented in "a collectivism of the right or the left." Is there no middle term? M. Blanchoin claims to have found it in the "professional corporations", one manifestation of which he has studied with such care in the agricultural mutual insurance of France.

The combined scheme of health, disability and old age insurance which was introduced in France in 1928, began by placing agriculture on precisely the same basis as industry. This seems to have proved almost unworkable, and in 1930 a special scheme was introduced applying to agriculture only. The scheme was contributory, but in the case of agriculture the contributions of the State greatly exceeded those of either employer or employed, so that the measure was open to criticism as an indirect subsidy to agriculture. This controversy is less interesting to co-operators than the provisions by which agricultural co-operative societies carry out functions similar to those of the "approved societies" of English law in dealing with health insurance, and also to some extent with old age insurance, though it is the employer and not the employee who is expected to pool his contributions through a society. The voluntary participation of small proprietors and others is another point of interest which is discussed by Dr. Digard in his concise and lucid introduction to the subject *Les Assurances Sociales et l'Agriculture.* A work on a different type of agricultural insurance is an essay by M. Taminiau on *l'Assurance contre la Mortalité Chévaline et Bovine en Belgique.* This deals with the principles of insurance, its technical procedure and the state of Belgian law rather than the social or economic effect on the insured. Though written from the point of view of the private insurance company, it contains an interesting tribute to co-operative methods. "Mutual insurance societies" says M. Taminiau, "are administered by the stockbreeders themselves and the insured accepts their decisions without cavil; it is otherwise with the companies which do indeed charge higher premiums

but which the insured seem too inclined to treat as milch cows."

In *Le Crédit Populaire*, M. Moulin contributes a concise and informative study of the credit facilities accorded by the State to small borrowers in France. In fact, nearly all such facilities are available through some form of co-operative organisation, and not the least interesting part of M. Moulin's work is his review of the legally defined characteristics of a co-operative society which entitle it to borrow from the State either for its own purposes or on behalf of its members. It is noticeable that the insistence on a strictly co-operative form—on " one man one vote ", trade with members only and similar points—is much stronger in consumers societies than in other types. A good deal of space is devoted to the agricultural position and there is an interesting chapter on fishermen's credit with its allied problem of insurance.

To many English people France is an essentially agricultural country with a policy coloured by the needs and wishes of the peasants. To M. Braibant, the author of *D'Abord la Terre*, it is a country in which the peasants are inarticulate and the interests of agriculture have been consistently sacrificed to those of industry and trade. He pleads for a reconsideration of the whole agricultural policy of his country and for a rehabilitation of the peasant not only by fiscal measures but by admission on equal terms with townsmen to the benefits of the social services, by increased credit facilities and by a greatly extended and strengthened system of co-operative supply, manufacture and marketing. The earlier chapters of his book contain some interesting criticisms of the existing co-operative system in France and a brief but suggestive note on middlemen's charges and the trustification of milling, sugar refining and even the purchase of livestock.

In M. Burban, on the other hand, the reader is confronted with something like the ideal reactionary. He is opposed to science and mechanism in agriculture, to planning, to a money economy, to agricultural credit, to farm accounting and, except in a very restricted form, to co-operation. Few

will endorse views of so extreme a character, but his book *Les Principes Fondamentaux de l'Economie Rurale Familiale* is worth reading for the jolt it gives to many propositions accepted as axiomatic by most modern writers on agriculture, and especially for its criticism of co-operation which, though by no means unanswerable, is far more stimulating than the somewhat sentimental and acquiescent approval which it receives from many of those not directly concerned with the movement. Occasionally, however, M. Burban is flatly and apparently perversely wrong, as when he says that a co-operative society is a grouping not of individuals but of capital.

The import quota, if not precisely a French invention, was first applied in France as a method of trade regulation in times of peace. Since the first French quota was imposed in 1931, the device has been copied by a number of other countries, including our own. It is still the subject of acute controversy and little attempt has yet been made to observe its workings objectively. For this reason Mr. Haight's study *French Import Quotas*, is welcome. In it he surveys the effect of quotas on agriculture and industry, on foreign trade and commercial policy. The conclusions are interesting, even if they do little more than confirm opinions which have been frequently put forward in this country, though not always backed with the solidity of Mr. Haight's statistics. French agriculture has undoubtedly profited from the quotas, though not always from the mechanical character of their application, but such gain has been at the price of a high cost of living and a probably permanent reduction of foreign trade and foreign investments.

Die Pioniere von Eilenburg. Heinrich Lersch, Buchergilde Gutenberg, Berlin.

Geschichte der Rochdaler Pioniere. Translated from the English of Holyoake by Robert Schloesser. Gepag-Verlag, Köln.

Der direkte Weg vom Erzeuger zum Verbraucher. By Dr. C. D. von Trotha. Industrieverlag Spaeth u. Linde. Berlin.

Die Wirtschaftsergebnisse der Verbraucher-genossenschaften im Jahre, 1933. Reichsverband der deutschen Verbrauchergenossenschaften, Hamburg.

Land Settlement in Germany. By Christopher Turnor. P. S. King & Son, Ltd.

The co-operative movement is well documented, but it has produced little imaginative literature. In Ireland A.E. mingled sublime philosophy with economic common sense, but the writer who would make the vicissitude of a co-operative society the basis for a human tale is hard to find, though business enterprise and the workers' struggle in industry and politics have both had their romantic exponents. This, however, is what has been done by Heinrich Lersch, himself a worker and a poet. In his novel, *The Pioneers of Eilenburg* he tells with simplicity and restraint the story of the group of millhands and independent craftsmen who about the year 1850 attempted to found a consumers' society in the small Saxon industrial town of Eilenburg. The attempt was a failure. It was beaten by police tyranny, by the opposition of shopkeepers, the inexperience and disloyalty of the members and the strain of contemporary industrial disputes. The tone of the book is consistently quiet; there is no attempt to exploit sensationally the horrors and violence of primitive industrialism. What propaganda exists is not the author's but his characters, an expression of their nature. The book merits both translation into English and imitation by those whose knowledge of farmers or workers is rich enough to allow them to do justice to such a plot.

In celebrating the pioneers of their own movement, German co-operators have not forgotten those of England, and a German translation of Holyoake's *History of the Rochdale Pioneers* appeared in 1928, handsomely produced and freely illustrated with portraits, facsimiles, a plan of Rochdale and pictures of co-operative buildings.

Dr. von Trotha, in his book *The Direct Road from Producer to Consumer*, has taken up once again the question of inter-co-operative relations. His detached record of the history of this question in Germany and his account, under commodity headings, of actual business relations between peasant marketing societies and the organisations of town consumers, are of the highest utility. It is, however, to the last third of the book, in which the author extracts universal conclusions from the local material of his analysis,

that the foreign student will turn with most eagerness. It may be that Dr. von Trotha's conclusions as to the unimportance of middlemen's profit have been too hastily reached, or possibly the trustification of middlemen's interests has not gone so far in Germany as elsewhere; possibly the multiplication of middlemen passing the same article on from one to another is less commonly observed. An interesting point, which is again inapplicable to England, is the less economic character of the buying of a society which is legally obliged to confine its sales to members. It is true that there are two sides to this and that it is usually held that a known demand prevents much waste in buying, but the farmers' side of the case—that it is difficult to fill a contract for anything as chancy as agricultural produce if purchase from non-members is illegal—is probably stronger, though it is not discussed by Dr. von Trotha. Other problems of long term contracts he discusses in some detail, and there are recommendations on the centralisation of trade on both sides and on the need for impartial and mutually acceptable grading. The book is altogether a valuable contribution to the study of one of the most important of co-operative problems.

The statistics of the German Consumers' Co-operative Movement for the year 1933 have recently been issued. For the first time particulars of societies affiliated to the two former central organisations are shown in a single volume.

A useful pamphlet on *Land Settlement in Germany* has been prepared by Mr. Christopher Turnor. It gives in a small compass a good idea of the objects of German land settlement and the method of choosing applicants. It also contains plans of farm houses and buildings and an elucidation of the structure of official agricultural organisation in Germany.

American Co-operation, 1935. The American Institute of Co-operation.

Co-operative Purchasing of Farm Supplies. By J. G. Knapp and J. H. Lister, Farm Credit Administration.

The Year Book of Agriculture, 1935. United States Department of Agriculture.

The Second Annual Report of the Farm Credit Administration, 1934. United States Government Printing Office.

National Planning and Rural Life. Proceedings of the 17th American Country Life Conference.

The Direct Marketing of Hogs. Bureau of Agricultural Economics.

Economic and Social Problems and Conditions of the Southern Appalachians. Bureau of Agricultural Economics.

Few reports of conferences are issued with the admirable promptness of those of the American Institute of Co-operation. As a result there is available every autumn a mass of first-hand information on co-operation in the United States referring to the actual year of issue. It is true that it is largely uncollated and that it has no claim to statistical completeness. Indeed, it is remarkable that the editors of the report do not make some attempt to present a statistical summary derived from materials made available at the Institute Meeting. Such a summary might not be ready for inclusion in the report, but it would surely not lack value if presented to the meeting of the following year. With this solitary criticism the report may be wholeheartedly recommended for the picture it presents of a movement in the process of combined growth and consolidation. The introductory papers indicate the place of co-operation in national economy; those on the business management of co-operatives are worth the attention of practical co-operators in other countries, though the sections on membership relations and publicity indicate a technique adapted to conditions perhaps too specialised to warrant imitation. A section on co-operative credit is interesting for what it gives and also for what it omits—that is, any reference to what is understood by co-operative credit in Europe and Asia. Rumour that credit unions on something approaching the Raffeisen model were being introduced among American farmers thus finds no confirmation in this book. The chapters on commodity marketing are as informative and valuable as in previous years.

As the authors justly remark, "while many Government Bulletins have been devoted to co-operative marketing there is no comprehensive publication . . . devoted to the co-

operative purchasing of farm supplies." This gap is most adequately filled by Dr. Knapp and Mr. Lister in a short but comprehensive work just published which gives its due importance to a comparatively new element in American co-operative life.

For those who would follow the development of American agriculture towards some form of planned economy, few documents can be more valuable than the long introductory report contributed by the Secretary of Agriculture to the *American Year Book of Agriculture*. The report for 1935 is headed " Towards a Balanced Abundance ", and is dominated by a recognition of two circumstances—that the program of agricultural restriction has, with the help of the drought attained a full, if not an overfull measure of success, and that this régime of " competition for profits induced by scarcity " is not one that any sane statesman can commend as more than a temporary expedient. Hence the title. The proposals are, understandably, less clear-cut. It is doubtful, says the report, how far " national prosperity can be advanced by a restriction of farm output greater than that necessary to compensate for loss in foreign markets ". Nor need this loss be regarded as absolute. " The Federal Government's program of reciprocal trade agreements looks towards the expansion of our foreign market for both agricultural and industrial products." Internal urban consumption is probably the key but it is not in the grasp of the Secretary of Agriculture. " Adjustment " it would appear, is to be continued, but the references to " economic democracy " suggest that something nearer to the English marketing boards may be among the possibilities. The report contains a full account of the working of adjustment in the case of individual commodities during 1934.

With the report of the Secretary of Agriculture should be read that of the Governor of the Farm Credit Administration. In the twenty months between May, 1933, and the end of 1934, the Administration advanced the huge sum of $2,379,063,000 to farmers and farmers' co-operative associations. A knowledge of the channels through which this irrigating flood passed and the purposes to which it

was applied are essential to an understanding of American agriculture in the last few years. In this report they are concisely set forth. It is noteworthy that nearly $200,000,000 fell to the share of co-operative purchasing and marketing associations, and a special section deals with its distribution.

The Report of the recent meeting of the American Country Life Conference contains some useful contributions to the study of national planning in the United States of America, especially in its relations to the " Better Living " aspects of the agricultural problem. This is also the theme of an important and interesting report, *Economic and Social Problems and Conditions of the Southern Appalachians*, issued by the United States Department of Agriculture. A short section deals with the relatively undeveloped co-operative organisation of the region. To the Department of Agriculture we also owe a full length study of the *Direct Marketing of Hogs*. This contains little matter relating to co-operation since the method of marketing under consideration appears to be on the whole in competition with that of the co-operative livestock shipping associations.

Wisdom and Waste in the Punjab Village. By Malcolm L. Darling, C.I.E. Humphrey Milford, Oxford University Press.

The Indian Peasant and His Environment. By N. Gangulee. Humphrey Milford, Oxford University Press.

Annual Reports of the Registrars of Co-operative Societies :

Ajmer Merwara
Assam
Bengal
Bihar and Orissa
Bombay
Central Provinces
Punjab
Madras
United Provinces
Federated Malay States
Straits Settlements

Five years ago Mr. Darling published his *Rusticus Loquitur*, the fruit of a tour on horseback through the villages of the Punjab. A second tour followed the first and has resulted in *Wisdom and Waste in the Punjab Village*, a book no less fascinating than its predecessor, whether to the economist, the sociologist or simply the stay-at-home, to whom it brings the sight and sound and smell of a far country with uncommon vividness—all the greater perhaps because there is so little deliberate scene-painting. The

author, as he points out in his preface, has in this book paid special attention to aspects of village life he had not much considered before—the position of the village servant and the village woman, the influence of the army and the school, hoarding, feuds and factions, the indigenous co-operation of the panchayats, efforts at reconstruction and the effects of the recent economic depression. His observations on these points are summed up in the concluding critical chapters which follow the diary of his tour. References to co-operation—the official motive for the author's tour—occur throughout the book and find a place in the conclusions. Not lack of money, but inability to use it to advantage is the peasants' greatest handicap. " To teach the peasant how to handle money is the supreme economic need and this can best, perhaps only, be done through the co-operative movement."

The same point is stressed in Sir Stanley Reed's introduction to Professor Gangulee's book, *The Indian Peasant and his Environment.* " The problem ", he says " is not so much the provision of credit facilities as the development of the capacity wisely to use credit." Professor Gangulee, who was a member of the Royal Commission on Indian Agriculture, and has been connected for many years with Indian agricultural education and research, has arranged his book on an unusual plan. It consists of letters to various correspondents, public and private, with extracts from the author's journals extending in time from 1916 to 1930 and grouped in chapters ranging in subject from the descriptive and topographical, through rural economics, social life, education and health, to rural reconstruction and the political problems of Indian democracy. Two periods in the author's life have been responsible for the bulk of these contributions—his association with Tagore in the earlier years and his membership of the Royal Commission on Indian Agriculture in 1926. The method has the advantage of recording immediate impression and much that is of interest, especially for the co-operative movement, is scattered through the chapters of the book. It may be doubted, however, if the author's wide experience

and balanced views would not have been more effectively presented in a unified essay, or, on the other hand, if the fragments had been bound together, by a frankly autobiographical thread.

The reports of the Registrars of a number of Indian Princes have been received.

Agricultural Co-operation (in Arabic). By Dr. Rashad. Published in Egypt.

Jews in Palestine. By A. Revusky. P. S. King & Son, Ltd.

The Agricultural Associations of Greece and the Control of the Agricultural Bank (in Greek). By M. K. Gerakaris. Athens.

Bericht über die Tatigkeit des Allgemeinen Verbandes für das landwirtschaftliche Genossenschaftswesen in Oesterreich im Jahre. 1934.

Hannes Gebhardin. Pellervo-Seura. Helsinki.

Suomen Osuustoimintaliike, 1932. Pellervo-Seura.

Les Coopératives Rurales et l'Etat en Tchechoslovaquie et en Roumanie. By Raymond Pulin and J. G. Charon. Librairie Félix Alcan.

Forty Years of Bulgarian Rural Economics and Co-operation. By Petko Ditcheff.

China International Famine Relief Commission. Annual Report, 1934.

The Co-operative Marketing of Cotton in Hopei. By H. D. Fong. Nankai University.

Statistics of Co-operative Societies in China, 1934 (in Chinese). By T. L. Chang.

A Short History of the Co-operative Movement in China. By T. L. Chang.

Probably the first comprehensive work on co-operation to appear in Arabic has been published by Dr. Rashad. The author has had a long acquaintance with European co-operation, especially in Ireland, and has been associated with every stage in the progress of the Egyptian movement, so that few could be better qualified to write a book which has been selected as the text-book on the subject in the colleges of Law, Commerce and Agriculture of the Egyptian University and similar institutions in other Arabic-speaking countries. The first volume covers the history of the agricultural and industrial co-operative movements as typified by Ireland and England, with chapters on the co-operative credit banks of Germany, wholesale co-operation, co-operative fisheries and the part which women have played in

the co-operative movement. The second volume is devoted to the history of the movement in Egypt, its agricultural development through credit banks, requirements societies and the first attempts to market cotton and vegetables. Considerable space is very candidly devoted to the criticism of Egyptian co-operation by foreign co-operative experts and special consideration is given to fruit and vegetable marketing in the light of the success of Dutch co-operation in this department. The concluding chapters are devoted to the educational and social aspects of co-operation, and there is an appendix giving the text of the Egyptian co-operative law. The book is preceded by an introduction by the late Sir Horace Plunkett.

An outstanding book about the recent development of Palestine by A. Revusky has appeared under the title *Jews in Palestine*. The book gives an exceptionally vivid description of the growth of Palestine and of the numerous problems which are faced by its population and especially by the Jewish settlers. Chapter VIII deals especially with the co-operative movement in Palestine and describes various new forms of co-operative organisation, showing their achievements and shortcomings. It describes very thoroughly farm-marketing, consumers, contracting, irrigation, housing, insurance and credit co-operatives. The book also gives information about the attempts to organise Arab co-operative societies. A special chapter (IX) is devoted to the activities of the rural co-operative communities known as the *krutzat*. The treatment of this subject is of great interest, as it deals not only with their general activities but also with the social and economic problems which this new and important form of rural co-operation has to face. The book explains most objectively and fully why Palestine has become, during the last few years, one of the most interesting countries for co-operative study. It shows how Jewish settlers, brought up in the best European co-operative traditions, have used their experience of co-operative organisation in new surroundings and have established a progressive, enterprising and promising movement.

M. Gerakaris, who has been closely associated with the

development of co-operation in Greece, has published in convenient form a survey of agricultural associations in Greece as they existed between 1930 and 1934, and in particular of the work of the Agricultural Co-operatives Control and Inspection Service established by the governmental Agricultural Bank, which is to a large extent the pivot of co-operative activity in Greece, at least as far as credit and the financing of marketing is concerned. The book is illustrated by useful statistical tables and charts and concludes with a number of suggestions for the improvement of the Co-operative Service.

The *Report of the General Union for Agricultural Co-operation in Austria* for 1934, covers the first year or rather half-year in which the Austrian movement has formed part of a corporative state. The change would appear to have been to a considerable extent of a formal character, and has been accepted without demur by the movement itself. On the other hand, the economic position of Austria has called forth a number of governmental measures in relation to currency, banking and trade, some of which have closely affected the co-operative movement. One of the most interesting has been the formation of what is virtually a national marketing board for exported dairy produce. The General Union has to record the death of some of its prominent members, including Prelate Bauchinger, whose welcome to the International Co-operative Congress of 1930 will be remembered by many who believe in the ultimate solidarity of co-operative producers and consumers. The report includes the usual statistical material.

For more than thirty years the name of Hannes Gebhard has been inseparable from any thought of the Finnish co-operative movement. Like Plunkett in Ireland, he observed the agricultural problems of his own country, the tentative solutions of others, and turned with missionary fervour to the creation of a native co-operative movement. To this work Gebhard, a university professor turned pioneer of peasant banks and creameries, devoted his active life. After his death in 1933, the *Pellervo*, which he had created (the Agricultural Organisation Society of Finland), published

a volume of memoirs, contributed by several hands and covering the public and personal life of the "Father of Finnish Co-operation".

A Report of the Finnish co-operative movement published (in Finnish) in 1934, gives a survey of the condition of the various branches of the movement affiliated to *Pellervo*, accompanied by full statistical materials.

The relations between co-operation and the State constitute one of the main problems of the day. Czechoslovakia has one of the best developed and most varied of European co-operative movements, Roumania one of the least known. Thus there are many grounds for welcoming the study by MM. Polin and Charon, *Les Coopératives Rurales et l'Etat en Tchechoslovaquie et en Roumanie*. The authors have endeavoured to make their work something more than a compilation of facts and figures, however useful. They have tried to assess the philosophy of the movements they study and while giving the Czechs full measure of praise for the strength and scope of their movement, have criticised it for its purely commercial outlook, the absence of "better living" elements, its tendency towards centralisation, its relative neglect of the poorest and least educated strata of the rural population, and the nationalism of its outlook. Some of these criticisms are probably excessive, but they are made with temper and call attention to co-operative tendencies which are not peculiar to Czechoslovakia and of which all co-operators should be aware. In Roumania the problem is different, and the past presents in the main a depressing picture of excessive reliance on credit and a too insistent intervention of the State. Both these weaknesses have been realised by Roumanian co-operators, and the authors close on a note of temperate optimism.

M. Ditcheff, one of the pioneers of the Bulgarian co-operative movement, has published the first volume of his memoirs and collected writings, containing much historical material relating to the early days of the movement.

The Report of the International Famine Relief Commission in China provides as usual the best account of co-operative activities in the district where the Commission

operates. Progress has taken place, especially in the provinces of Kangsi, Anhwei and Hupeh, and has frequently taken the form of a transformation of temporary groups, formed to take advantage of famine and flood relief, into permanent agricultural co-operative societies. Co-operative cotton marketing is on the increase, and this activity forms the subject of a short monograph by Dr. Fong, published by the University of Nankai. In this the author sketches the old and still generally prevailing method of marketing cotton and then shows how, through the work of the Famine Relief Commission in establishing credit societies, and the unexpected readiness of Chinese private banks to lend to co-operative institutions, a start has been made with the co-operative sale of the crop. A third agent has been the Joint Committee on Research and Extension of Agricultural Products in North China. As the author candidly points out, the concentration of these philanthropic financial, and educational forces on a more or less passive peasantry, have produced results which may be magnificent but are not co-operation. The co-operative form has, however, been introduced and with care, patience and education, he does not despair of seeing the more enduring substance take its place.

Two works on the co-operative movement in China have recently been published in Chinese by Mr. T. L. Chang. One is a *Short History* of the movement, the other a study of the statistics of Chinese co-operative societies in 1934.

With Horace Plunkett in Ireland. By R. A. Anderson. Macmillan.

We owe to Mr. R. A. Anderson, one of the founders of Irish agricultural co-operation, a book of peculiar interest to all those who care for the historical growth of the movement and for its personal as much as for its merely commercial and statistical aspects. Mr. Anderson has been for years intimately associated with Plunkett and with every stage and aspect of the Irish movement. His book gives an admirable picture of the difficulties, trials and successes of the early period and of the varied personalities enlisted by Plunkett's genius in the service of Irish co-operation. It is the best contribution so far made to the as yet unwritten full biography of Horace Plunkett.

A SELECTED BIBLIOGRAPHY OF CO-OPERATION

THIS bibliography represents an attempt to list the more important works on co-operation, with special reference to agricultural co-operation. The entries are classified under broad subject headings, and are then arranged under their title. A list of current co-operative periodicals is added. The books, pamphlets and periodicals in this bibliography as well as several thousand volumes and a large collection of pamphlets on all co-operative activities, economics, marketing, land tenure and rural questions are available for reference at the Co-operative Reference Library, 10 Doughty Street, London, W.C.1.

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